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THE
SPEECH
OF
PASCOE GRENFELL, ESQ.

&c. &c.

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THE

REPUBLIC

OF THE UNITED STATES

OF

THE
SPEECH
OF
PASCOE GRENFELL, ESQ.
IN THE
House of Commons,
ON
TUESDAY, the 13th of FEBRUARY, 1816,
ON
CERTAIN TRANSACTIONS
SUBSISTING BETWIXT THE
PUBLIC & THE BANK OF ENGLAND.

WITH
AN APPENDIX.

LONDON:
PRINTED FOR JOHN MURRAY, ALBEMARLE-STREET
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CONTENTS OF APPENDIX.

AS TO DEPOSITS OF PUBLIC MONEY.

NO.	PAGE
1 Aggregate Balances at the Bank—1806, 1807, and 1815..	75
2 Balances at the Bank in 1800	76
3 Extract from Report of Committee on Public Expenditure	77
4 ditto	84
5 ditto Evidence of Beeston Long, Esq. &c.	87
6 ditto second Evidence of ditto	ib.
7 ditto Evidence of Samuel Thornton, Esq.	89
8 Extract from Mr. Perceval's Correspondence with the Bank	96
9 ditto Mr. Perceval to the Bank	98
10 ditto the Bank to Mr. Perceval	99
11 ditto Mr. Perceval to the Bank	100
12 ditto the Bank to Mr. Perceval.....	ib.

AS TO MANAGEMENT OF THE DEBT.

13 Extract from Mr. Perceval's Correspondence with the Bank	101
14 ditto the Bank to Mr. Perceval.....	103
15 ditto Mr. Perceval to the Bank.....	104

MISCELLANEOUS.

16 Extract from Report of Finance Com. "House Allowance"	105
17 Extract from Report of Committee on Public Expen. "Unclaimed Dividends".....	107
18 ditto "House Allowance," &c.....	109
19 ditto "Bonuses on Bank Stock"	ib.
20 from Mr. Perceval's Correspondence with the Bank, "House Allowance".....	110
21 Correspondence with the Bank in 1814	109
22 Resolutions proposed by Mr. Grenfell	111
23 Ditto proposed by the Governor of the Bank.....	114

CONTENTS OF VOLUME

1	Aggregates of numbers of the	
2	Balances of the Bank in 1880	
3	Extracts from reports of the	
4	.....
5	.....
6	.....
7	.....
8	.....
9	.....
10	.....
11	.....
12	.....
.....		
13	.....
14	.....
15	.....
.....		
16	.....
17	.....
18	.....
19	.....
20	.....
21	.....
22	.....
23	.....

SPEECH,

&c.*

MR. SPEAKER,

TOWARDS the close of the last session of Parliament, I gave a notice that I should, at an early period in the present session, submit to the House a proposition founded on papers and documents which have been printed, and in the hands of members since the month of July last; having reference to certain transactions and agreements, subsisting betwixt the public and the Bank of England.

It is for the purpose of redeeming that pledge, Sir, that I have now the honour of addressing

* The following Acts were entered as read;

31. Geo. III.—Cap. 33.

39, } — — 28.
40 }

46 — — 41.

48 — — 3 and 4.

55 — — 16.

you. And if I was of opinion, when first I took the liberty of calling the attention of Parliament to this subject, not only that it was more consistent with what might be due to the Bank, and to our engagements subsisting with it, but that also with a view to the ultimate success of my own object, it was more expedient, that I should propose nothing, at that time, that should have any immediate operation upon these transactions or agreements; but, that I should strictly limit and confine myself, as I trust I have done, to an application to the House for such information—for such details, as appeared to me best calculated to enable both the House and myself, to form and arrive at correct conclusions upon the whole of this important subject; if such, Sir, I say, were the sentiments which I entertained at that period, the opportunity that the recess of Parliament has since afforded me, of examining into, and combining the information contained in that mass of papers now upon your table on this subject, has not only satisfied me of the propriety of that course of proceeding, but at the same time strengthened and confirmed the opinion I have entertained on this subject from the commencement—namely, that the terms and principles upon which these transactions have been for many years past, and are

now carried on by the Bank for the public, are in their nature extravagant, exorbitant, and therefore in their effect and operation injurious to the public interests. And as we are now arrived at the eve of that period when all agreements, having reference to these transactions will expire—namely, on the 5th of April next:—if I should be so fortunate as to find the House concurring in the view I have presumed to take of this subject, I am confident they will feel it to be their duty to take care, that these transactions be conducted in future, upon such a footing, as shall be just towards the public, without being, in any measure, unjust towards the Bank of England. It being the conviction of my mind, and I entreat the House to believe, that I state what I am now about to do, not rashly, not vaguely, nor without the most anxious and repeated consideration, that the result of arrangements, founded on these just principles, must be to secure for the public a saving of public money, amounting to *hundreds of thousands of pounds per annum*, without doing any thing that could be construed by the most scrupulous into a breach of the public faith, without committing the slightest degree of injustice on the Bank of England; but still giving to the Bank, what I shall always wish to see it receive, an adequate,

ample, liberal compensation and remuneration—proportioned, however, always to the nature and value of the service performed by the Bank for such remuneration; and still leaving that great corporation what it now is, and what, as a member of that body myself, it must always be my interest, as it ever will, on public grounds, be my wish to see it, namely, the most wealthy and opulent, the most thriving and prosperous, the most profitable banking institution that now exists, or that ever has existed, in this or in any other part of the commercial world.

Before I enter, however, upon this subject, I wish to disclaim all intention of meddling, or interfering, with any of those transactions of the Bank of England, which may purely and properly be considered as exclusively their own. With the private concerns and transactions of the Bank, I presume, generally speaking, this House can have nothing to do, and, therefore, except under circumstances of a very peculiar nature indeed, never will meddle or interfere. But in all transactions in which the public are directly interested with the Bank, in which the public are to be considered as one of the contracting parties, and the Bank the other,—not only do I feel that we are competent, but, if I know any thing of the practical functions of

the House of Commons, it is our bounden duty, as the constitutional guardians of the public expenditure, to take care and satisfy ourselves and the public, that those transactions are conducted in such a manner, and on such terms and principles, as the public are entitled to, and have a right to expect. I am also desirous of stating—what, indeed, I have stated upon a former occasion—that, in calling the attention of Parliament and of the public to this subject, I am influenced by no motives of personal hostility towards the Directors of the Bank,—for whom, individually, I feel the respect that is due to their characters and stations: the hostility I feel, if such a term be applicable to my feelings, is one that I do not shrink from the avowal of—it is hostility to a system, established, perhaps, not by the gentlemen who at present conduct the affairs of the Bank, but, for any thing I know to the contrary, by their predecessors,—but a system, by whomsoever established, or by whomsoever acted upon, which I oppose, and am in hostility to, because, in my conscience, I believe it to be a system hostile to the interests of the country. Neither have I been so inattentive an observer of what has passed within the circle of my own experience during the last thirty years, nor am I so ignorant of the principles upon which this

great commercial country rests, as to be either insensible or indifferent to the many and important advantages which the public have long derived—which we now enjoy—and which, I trust, shall long continue to derive, from this our great National Bank : nor am I, in any degree, desirous of limiting, curtailing, or abridging its fair, legitimate profits ; but, convinced as I am, from every consideration I have been able to give to this subject, that, in our transactions with the Bank, particularly of late years, we have contributed towards those profits in a most undue and uncalled-for degree ; to an extent, unwarranted either by the nature or value of the service performed by the Bank : satisfied, too, that we may secure to ourselves a continuance of those, and indeed of all other advantages, which the Bank is capable or susceptible of affording to us, without our being subjected to such immense pecuniary sacrifices as we have hitherto made for those services—such, I say, Sir, being the honest conviction of my mind, I trust the House will do me the justice to believe, that in submitting this subject to their investigation, I am actuated by no motives but such as are of a public nature : that I am desirous, ambitious, if you please, (no blameable ambition, I hope) to accomplish, upon public grounds, an important saving of

the public money. Whatever, then, the feelings of the Directors of the Bank may be, on this occasion; whatever motives, however erroneous and unfounded, may be imputed to me, I shall not shrink from the task I have undertaken; but, so long as I shall be conscious, as I now am, of the rectitude of my own intentions; and, above all, so long as I may receive from this House that forbearance and indulgence, of which I feel I stand so much in need, whenever I presume to address them, I shall persevere; satisfied that I stand on firm and tenable ground; that the cause I have undertaken is a good one; and that, under the favour and indulgence of this House, I cannot fail to bring it to a speedy and successful issue.

Having detained the House, longer than perhaps I ought to have done, with these preliminary observations, I will now proceed at once to the discussion before me; and, in doing this, I shall endeavour to confine myself, principally, to two branches, or heads of the public service, into which the subject seems naturally to class and arrange itself; to which the papers on your table mainly apply; and to which alone I look, as the sources of that public economy and retrenchment, which are the only objects I have in contemplation.

The first of these two branches then will refer to the deposits of public monies lodged at the Bank, acting, in this respect, as the bankers of the public ; which monies (precisely as is the case with money deposited by individuals with their private bankers,) are wholly unproductive to the public, but productive of advantage and profit to the Bank to the extent, as I venture to contend, as was successfully contended by a Committee of this House in the year 1807, and immediately afterwards, not only successfully, but practically, contended by Mr. Perceval in the arrangements made by him with the Bank in the year 1808; and, as I do not *now* expect to hear denied, even by the Directors of the Bank themselves, productive then, I say, to the extent of about *five per cent. per annum upon their whole aggregate amounts*; which aggregate amount, estimated upon an average fairly taken during the last ten years, *that is*, from the year 1806 down to the present time, I state to have been about *eleven millions and a half sterling, (11,500,000*l.*)* When I say from 1806 *down to the present time*, I beg to be understood, with reference to this and to every other part of the subject, where I may have occasion to use the same expression, as meaning, down to the latest period to which any account upon the subject has been laid be-

fore Parliament; and all such accounts come down to a late period in the last session: what may have happened since that time I know not, nor would any variation in these accounts, which may since have taken place, either alter my view of the subject, or in any manner affect the argument I mean to hold upon it.

The second branch of the subject, to which I shall apply myself, will be the commission or charge paid by the public to the Bank for the management of the public Debt, amounting, upon the debt as it now stands, including the loan, and other financial operations of the last year, to an annual sum of about *two hundred and seventy-five thousand pounds*, (275,000*l.*) to which must be added, a further charge paid to the Bank, of *eight hundred pounds* per million, upon the whole amount of every loan; and of *one thousand pounds* upon every lottery contract; which two items of charge, amounted in the last year to a sum *exceeding thirty thousand pounds*; (30,000*l.*) and in the year preceding, that is, in 1814, to a sum exceeding *forty-two thousand pounds*.

There are three other items of charge made by the Bank against the public, of comparatively trifling amount, but upon which I shall wish to address a few short observations to the House:—the first is a sum of *four thou-*

sand pounds (4,000l.) per annum paid to the Bank, from the original grant of its charter, under the denomination of "*an allowance to the Bank towards its House expenses.*" The second is a sum of *one thousand eight hundred and ninety-eight pounds (1898l.)* per annum, charged *for management* on four millions of the public Debt, purchased by the Bank of the South Sea Company in 1722, and which now forms a part of the Bank capital lent to the public at three per cent. The last item is a charge paid to the Bank since 1806, as a commission of *one eighth per cent.* or half a crown in the hundred pounds, upon such portion of the property duty, as persons assessed for trades, offices, or professions, voluntarily take to the Bank, and deposit there, on its way into the Exchequer.

The several items just enumerated, and comprised under this second branch of the subject, form together an annual aggregate charge *exceeding three hundred thousand pounds (300,000l.)*

There is, however, another part of this subject, another source of immense wealth and profit to the Bank, to which in an inquiry of this kind, it is impossible that I should not advert, though I beg to be distinctly understood, as not meaning, at present, to propose, or even

to recommend, any participation in those profits on the part of the public. What I allude to is, the immense increase in Bank Profits, arising out of the increased circulation of their paper, since the year 1797, and in consequence of an Act which passed the legislature in that year, commonly known by the name of the "*Bank Restriction Act*;" an Act, the title of which was, "An Act for *restraining* the Bank of England from paying its Obligations in Cash;" but which, I confess, it has frequently occurred to me, would not have been inaptly entitled, "An Act for *relieving* the Bank of England from the *necessity* of paying its obligations in cash;"—and as this part of the subject does not necessarily connect itself with either of the other branches to which I have just referred, and as what I shall have to say upon it will be very short, perhaps I shall best consult the convenience of the House, as well as my own, if I dispose of it at once, and in this part of the discussion.

It appears then from papers which are on your table, that the circulation of Bank of England Paper, estimated upon an average of years prior to the Restriction Act, amounted to a sum fluctuating betwixt *eleven and twelve millions*. I am indeed aware, that at the period when this Act passed, and for some

time previously, the Bank circulation was reduced considerably below this average; but as I do not wish to deceive myself or the House, by taking an exaggerated view of any part of this subject (for in truth, if I were so disposed, or capable of doing it, the case before me appears to me to require no exaggeration) I am willing to consider this as a depression arising out of temporary circumstances, and to take the average circulation prior to 1797, at the sum of eleven or twelve millions (11 to 12,000,000*l.*). Now, it appears, from papers which are also before us, that this circulation, as might indeed have been expected, has gone on gradually increasing ever since; till it reached, at one period in the last year, (the year ending in June last) the sum of *thirty one millions, three hundred thousand pounds*: (31,300,000*l.*) and the average of the whole of that year may be fairly stated as fluctuating betwixt twenty-seven and twenty-eight millions (27 to 28,000,000*l.*). Here, then, the House will perceive, is an increase in the Bank-paper-circulation at present, as compared with what it was prior to the passing of the Restriction Act, of no less a sum than sixteen millions, (16,000,000*l.*) yielding of course a corresponding increase in the gross profits of the Bank of *eight hundred thousand pounds per annum*!

(800,000*l.*) Now, Sir, as I have before observed, it is not my intention to propose any participation, on behalf of the public, in these enormous profits, *in the present state of things*. I say, in the present state of things; because, presuming to think as I do, that from the moment the Restriction Act passed, the public acquired an *equitable* claim upon the Bank for a participation in the profits, which that Act had created; and, that if we have hitherto abstained (as I think we have wisely done) from urging that claim, it has been from considerations of policy and expediency, and not from any question as to the rights of the public, with reference to such participation; holding this opinion, Sir, I have no difficulty in stating, that if this system, which has now gone on, without any interruption, during the last nineteen years, and which has been such an abundant source of wealth to the Bank exclusively, should become the permanent system of our currency; nay, if its duration should be protracted, as from something that has lately passed, we have reason to expect, may be proposed to us, even for one year beyond the 5th of July next, to which this system by the law now in force is limited; in such an event, I trust some member of this House of more weight and authority and more competent to

the undertaking than myself, will come forward and offer us a proposition, the object of which will be, in some way or other, to give to the public a participation in these profits in future. At present, however, I have nothing of that kind to propose to you; and I have referred to the subject chiefly for the purpose of bringing under the notice of the House the two following facts:—first, that the Bank are now deriving an increase in their profits, from the circulation of their paper, as compared with those profits before the Restriction Act passed, at the rate of *eight-hundred-thousand pounds* annually; and secondly, that they are indebted for these increased profits, *in a great measure*, (I will not say altogether, because the increased trade and circulation of the country must have operated in some degree upon their profits) to an Act of the legislature. Surely, then, I may contend, that if we have thus far forbore from claiming our right to a share in those benefits, the public had at least reason to expect, that in all its dealings with the Bank, the Bank would have exercised a corresponding forbearance in point of charge; that it would have acted towards the public, at least upon a system of moderation,—aye of liberality and generosity. How far this has been the system upon which the Bank has conducted itself towards the public,

the House will judge for itself, from what I am now about to submit to them : and first with reference to the first branch of the subject, namely, the balances of public monies deposited at the Bank, acting as the public Bankers.

In order to submit to the house my view of this branch of the subject, and to render myself intelligible upon it, I feel it necessary to state, in the first place, that in the year 1800, when the charter of the Bank of England was removed, Mr. Pitt, conducting the negotiation on the part of the public, claimed, as he was entitled to do, from the Bank, a direct participation for the public, in the then existing profits of the Bank, arising out of *its exclusive privileges of banking as a corporate body* ; and convinced, no doubt, as he must have been, that *all* deposits of public monies must be productive of profit to the Bank, to the extent of five per cent. per annum, so long as the Bank shall be in the practice of giving its paper in exchange for securities, bearing five per cent. interest, Mr. Pitt applied his principle of participation to the balances of public monies deposited at the Bank.

I have, in the next place, to state, that the only deposits of public money particularly adverted to, or calculated upon, in that negotiation, were *two* ;—the one, arising out of the quarterly issues from the Exchequer to the

Bank towards the payment of the growing dividends, which was stated in an evidence given by the Bank to a Committee of this House, in the year 1807, and as I have a right to infer, so represented to Mr. Pitt in 1800, to have amounted to an average balance of *two millions and a half*; (2,500,000*l.*) the other and only other remaining deposit, calculated upon, on the renewal of the charter, was that which arises from the issues of money from the Exchequer to the Bank, at the commencement of each quarter, for the reduction of the National Debt; amounting, according to a paper laid upon the table of this House, in the month of July last, and for the production of which, as well as of other valuable documents, from which I have derived much information upon the whole of this subject, I am indebted to the governor of the Bank, who moved for them; amounting then, according to this paper, to the sum of *six-hundred and fifteen thousand pounds*. (615,000*l.*)

The combined amount of these two deposits was *three millions one hundred and fifteen thousand pounds*, (3,115,000*l.*) and I have the authority of the Bank of England itself, solemnly given in evidence before a Committee of this House in the year 1807, for stating, that these two were the *only* deposits of public money at the Bank, that were calculated upon when the

charter was renewed, as all other deposits—(I will use the very words and language of the Bank of England itself on that occasion,) “*As the other public accounts were at that time of trifling amount.*”

Now, Sir, I am under the necessity of stating, what, indeed, must be obvious to every gentleman who has investigated this subject, that this evidence of the Bank, given to the Committee in 1807 as the statement of what passed in the negotiation with Mr. Pitt in 1800, is directly at variance with, and in contradiction to, the contents of the papers which I now hold in my hand, and which the Bank has now thought proper to produce, having reference, precisely, to one and the same subject: for it appears from the papers now produced, that though the only deposits adverted to when the charter was renewed, were the two I have enumerated, the combined amount of which, as stated by the Bank, was about three millions one hundred thousand pounds; it now appears, that one of these two balances described by the Bank as amounting to *two millions and a half*, (2,500,000*l.*) exceeded in its amount the sum of *three millions six hundred thousand pounds*, (3,600,000*l.*) and that the other deposits, stated not to have been noticed because *they were of trifling amount*, amounted to

a sum of *one million nine hundred and forty seven thousand pounds* (1,947,000*l.*); and that the combined amount of the whole, instead of *three millions one hundred thousand pounds*, as stated by the Bank, in 1807, exceeded, according to the statement now made by the Bank, *the sum of six millions!*

Sir, I can easily understand, when in the year 1800 Mr. Pitt was claiming a direct participation with the Bank in the profits derived from these deposits, that it must have been an object with the Bank—nay, that it was their duty, to take care that there should be no exaggeration on this subject, that not one shilling should be exhibited as a deposit, which did not actually exist: so, Sir, it is equally intelligible now, with reference to the discussions which took place upon this subject in the last session of Parliament, as well as to the object I have in view, that the Bank should now be anxious, that none of the deposits which actually existed in their hands in the year 1800, should at present be suppressed or kept out of view. Now, I do not mean to charge the Bank of England with having intentionally misled either the Committee in 1807, or Mr. Pitt in 1800: *I merely state the facts*, such as they present themselves in the papers now before us: and it is for the Bank of England, and not

for me, to account for and to explain, the difference that exists between the two statements which they have laid before us, both having reference, as I have before observed, precisely to one and the same subject. It is sufficient for me to have shewn, as I trust I have done, to the satisfaction of the House, sure I am, that I have done so upon such authority as cannot, will not, be questioned, controverted, or denied, by the Bank itself, that the *only* deposits calculated upon, when the charter was removed, were the two I have mentioned, amounting together, as then stated by the Bank, to a sum of about *three millions one hundred thousand pounds*.

In the profits resulting from these two deposits then, Mr. Pitt claimed a participation; and, after several discussions, the negotiation ended in an agreement, on the part of the Bank, to advance to the public a loan, as it was called, of three millions, for six years, without interest, upon the distinct and specific ground of thereby giving to the public a participation in the profits which the Bank was deriving from the possession of this public money; and also in other benefits derivable from their exclusive privilege of banking as a corporate body, the particulars of which are not des-

scribed, and upon which, therefore, I will not hazard a conjecture.

Now, Sir, before I proceed further, I am anxious that the House should notice, and bear in mind, this transaction, as a direct recognition on the part of the Bank, of the productiveness of profit, resulting from the possession of this money—a recognition, indeed, upon which I should be disposed to lay little or no stress, because it appears to me to be nothing more than the recognition of a self-evident proposition, and to which I certainly should not be desirous to point and direct the attention of the House, if the Bank had not, since that period, most strangely, most unaccountably, I may add, most whimsically, endeavoured to set up and maintain a doctrine, which, had they been successful in establishing it, would have gone to the utter subversion and denial of a principle so plain, simple, and self-evident, as this principle appears to me to be; but, Sir, this transaction not only admits the profits which the Bank were deriving from the possession of this public money, but it recognizes also, what is of more importance to the public—*the right of the public to a participation in them.*

Under this agreement then, and with the usual covenant for continuing the whole of the Bank capital, amounting to a sum of about

eleven millions six hundred thousand pounds, in the hands of the public, at the three per cent. interest (at which rate of interest the public have held this capital ever since the year 1742, and the advantage of which to the public has always been considered as a part of the price paid by the Bank for its charter), the charter of the Bank of England was renewed for a period of twenty-one years, from 1812; extending its duration, therefore, to 1833—of which, consequently, seventeen years now remain unexpired.

In the year 1806, the loan of 1800 for three millions became payable; but, instead of discharging it, the government of that day, Lord Grenville and Lord Henry Petty being at the head of the treasury, and the right honourable gentleman, the present Chancellor of the Exchequer, filling the situation of one of the Secretaries of the treasury in the finance department, entered into a negotiation with the Bank, which ended in an agreement for prolonging the period of this loan for the duration of the then existing war: not without interest, upon which terms the loan had been made in 1800, but subject, on the part of the public, to interest at three per cent. or, in fact, to the payment of *ninety thousand pounds* (90,000*l.*) per annum for the use of it. Now, inadequate as I

think this arrangement was, to what the public had a right to expect, unreasonable on the part of the Bank to require, and improvident on the part of the public to accede to these terms, it nevertheless was a transaction by which the public acquired the use of three millions, at three per cent. interest, instead of paying five per cent. for it; and, in this point of view, it may be considered, and was, a saving of two per cent. upon three millions, or of sixty thousand pounds (60,000*l.*) annually; and, as such, I wish the House to notice this transaction, as a second admission, on the part of the Bank, of the profits they were deriving from the possession of these public deposits, and also as a recognition of the right of the public to a *further* participation in these profits: a participation beyond that which the public had acquired at the period of the renewal of the charter.

But there is something in this transaction so objectionable in my view of it,—something that so strongly marks and characterizes the spirit in which the Bank has conducted itself in all its transactions with the public of late years, that I cannot suffer it to pass by me, without intreating the leave of the House to offer one or two observations upon it. I have no information of what passed betwixt the government

and the Bank in the progress of this negotiation. It must, indeed, have been notorious then, as it is now, that a considerable increase had recently taken place in the amount of public deposits at the Bank, in consequence of the recent detections and discoveries of mal-practices, and mal-appropriations, of the public money, on the part of certain public Accountants, and of other Gentlemen in office, to whom the public money had been entrusted; which very properly induced the government, supported by the legislature, in all cases where legislative interference was necessary, to place the public treasure beyond the reach of loss or hazard in future, by directing it to be deposited, in all cases where it was practicable, in the hands of the public banker—the Bank of England. But it was not till the year subsequent to that in which this arrangement took place, namely, till the year 1807,—that either this House or the public, or, as I think I may venture to assert, the executive government itself, was aware, either of the enormous magnitude to which these monies had accumulated in the hands of the Bank, or of the enormous profits which the Bank were at that time, and had, during a considerable time previously, been deriving from the possession of this money. Why, Sir, at the very moment, in 1806, when

the Bank required, and the public most improvidently agreed to pay, *ninety thousand pounds per annum* for the use of *three millions* of money, the Bank held, and were in possession of a treasure belonging to the public, amounting to a sum little short of *twelve millions!* wholly unproductive to the public, but productive of advantage to the Bank: which treasure, too, I would observe, in passing, has remained with the Bank of England, with little or no diminution ever since.

Now I would ask the House, whether it is possible to believe, without imputing to the government of that day, what I should be most backward in imputing to it, or indeed to any other government under similar circumstances; I ask you, whether, without imputing to that government the grossest negligence, or the most culpable indifference to the interests of the public, it is possible to believe, that they would have agreed to pay to the Bank *ninety-thousand pounds per annum*, for the use of *three millions* of money, if they had been aware, that they possessed at that very time, an aggregate amount of public monies in the hands of this very same Bank, amounting to a sum little short of *twelve millions?* Sir, the thing is absolutely impossible. It has been the fashion to call this, and other similar transactions,

“*loans*” from the Bank. “*Advances* of money, forsooth, from the Bank to the public:—this term has always appeared to me, I must not say, *intended*, because it is a term applied to the subject, in an act of the Legislature, but I may say, if not intended, *calculated* to mislead and deceive the public; as to the real nature and character of the transaction itself: and I confess it seems to me, that instead of calling this operation a loan, or advance, from the Bank, it would be much more correct to say, that it was a liberty given to the public,—or—what I should like still better, a *right assumed* by the public, having a sum of near twelve millions in the hands of its bankers, to draw out and apply three millions of that sum to the public service, without, however, subjecting the public to pay ninety-thousand pounds per annum for the exercise of that right. Such, however, was the agreement, and it has been, as all agreements ought to be into which the public enter, whether improvidently or not, strictly and rigidly performed: and this loan, as it is called, went on from the year 1806 to the year 1814, when it became payable, and when it was discharged, together with the interest upon it, which amounted, during the eight years and eight months that the loan was in operation, to the sum of

*seven hundred and eighty thousand pounds, (780,000*l.*)* which sum I maintain was paid by the public, for the use of three millions of its own money, during a period, in which the Bank held constantly, *exclusive of these three millions*, an aggregate amount of public balances, fluctuating betwixt $5\frac{1}{2}$ and $8\frac{1}{2}$ millions; and this is one, I am sorry to add, of the many transactions, in which the public interests have been most improperly and unjustly sacrificed, to swell and aggrandize the already enormous treasures of the Bank of England.

We now come to the year 1807; a memorable year in these transactions. In that year a Committee of this House, known by the name of the Committee on Public Expenditure, applied itself to the investigation of these and of other transactions subsisting betwixt the public and the Bank. This Committee was presided over by an honourable gentleman, now in his place, the member for Corffe Castle,* whose zeal, abilities, and perseverance, are most particularly conspicuous on all subjects connected with the finances and public expenditure of the country. The Committee was also most powerfully assisted in its labours by an honourable member of it, now, unfortunately

* Mr. Bankes.

for the country, no more; I mean the late Mr. Henry Thornton, whose practical knowledge and experience, industry and habits of life, pre-eminently qualified him for investigations of this nature, and whose private character gave a sanction to every act of his public life; and in the very able and clear report, which was presented from that Committee, will be found, the first combined view that ever was given to this House or to the public; the first combined view I venture to assert, that ever met the eye of the executive government: stating the aggregate amount of these deposits in the hands of the Bank; accompanied too, with what was not the least valuable part of this valuable report—a perspicuous, unanswerable argument, shewing the extent to which the possession of these deposits was profitable to the Bank; demonstrating, that the Bank was deriving a profit from these public monies, equivalent to about five per cent. per annum, upon their whole aggregate amount; and that the benefit at that time, and for some time previous to it enjoyed by the Bank from that source, amounted to a sum fluctuating betwixt five and six hundred thousand pounds, (5 to 600,000*l.*) annually. And to this report, and to the labours of the enlightened members by whom it was framed, are the public indebted, solely, and exclusively,

for the advantages derived immediately afterwards under the arrangement made by Mr. Perceval with the Bank in 1808; advantages however inadequate, as I know they were in the estimation of many of the most distinguished members of that Committee, to what the public were entitled to receive—short in my view, by at least one half, of what the public ought to have enjoyed, amounting, nevertheless, to a public saving of between *two or three hundred thousand pounds per annum*—for the whole of which, I repeat, we are indebted to the Committee of 1807,

This report no sooner made its appearance than Mr. Perceval, as Chancellor of the Exchequer, came forward, and, with the report in his hand, claimed from the Bank a further participation in the profits derivable from these deposits, and also a reduction in the charge for the management of the public Debt. The communications and correspondence which took place between Mr. Perceval and the Bank on that occasion, were laid upon the table of this House; they now form a part of our parliamentary records, and are of course accessible to any member who has a taste for investigations of this nature. I abstain, therefore, from troubling the House with any details with respect to this negotiation, observing only, that in the

papers produced, will be found much curious and important information upon the whole of this subject; and, that after many discussions, in which the Bank resisted but as it appears to me very feebly resisted Mr. Perceval's claims, the following arrangement was concluded. The Bank agreed to advance immediately another loan (as it was again called) of three millions to the public, *without any charge of interest*: the Bank also acquiesced in the withdrawing of a sum of half a million from the balance of unclaimed dividends in their hands, to be applied to the public service, where it has remained ever since: they also agreed to a reduction equal to about one fourth in the then existing charge for the management of the Debt; and the whole saving, effected by this arrangement, amounted to the sum of about *two hundred and forty two thousand pounds per annum* (242,000*l.*).

In reviewing this arrangement of 1808, when the Bank advanced three millions *without any charge of interest*, and contrasting it with what happened only about twenty months before, when the Bank required to be paid *ninety thousand pounds per annum* for a similar Loan, one cannot avoid asking, what was the cause of this different conduct of the Bank at those two, not very distant periods? The amount of

public money possessed by them, (the only ground upon which both the arrangements were founded) was nearly the same in both instances; nay, it appears from a statement formed from the documents now before us, that the aggregate amount of deposits possessed by the Bank was something higher, in 1806, than in 1808: and, nevertheless, they charged the public with £90,000 per annum, in 1806, for doing what, in 1808, they did for nothing! To what principle is this to be attributed? Can we discover in it any of that spirit of moderation, which I think the public had, and have a right to expect, from the Bank? Any thing of that *unceasing anxiety to promote the interest of the public**—about which we have heard so much, and seen so little? or is it not rather to be traced to another principle?—a principle, that I have heard avowed, maintained, and defended, not only by many proprietors, but also by directors of the Bank elsewhere; and which is this—“that the Bank of England are a trading company—that their directors are bound not only by their interests, but by their oaths, by all lawful means” (and God forbid I should be supposed to impute to them any means which

* Vide the Letter from the Bank to Mr. Perceval, in “the Correspondence,” page 9.

are not strictly and rigidly lawful !) “ to make all the profit they can for their proprietors ? and that, acting upon this commercial and mercantile principle, in all contracts and agreements with the public, it is their business to make the best bargain they can for themselves.” The House will determine to which of these two principles to ascribe the conduct of the Bank, with reference to these two transactions in the years 1806 and 1808.

Another observation here occurs to me. The Bank advanced loans in 1800, in 1806, and again in 1808, upon the distinct ground of thereby giving to the public a participation in the profits they were deriving from the possession of these public deposits ; and yet it is not less curious than true, that neither the committee of 1807, nor Mr. Percival in 1808, could extort from the Bank any admission of the existence of these profits : the evidence of the directors before the committee, amounts, indeed, to a positive denial of it ; and Mr. Percival, in his letter to the Bank in January, 1808, though he gets the three millions from them, laments “ that he should not have been so fortunate in the several conferences which he had held with them, as to convince them of the truth and accuracy of his principle, with re-

ference to the advantages derived to the Bank from these deposits."

But, though the Bank have refused us all verbal admission, these several loans are practical admissions of the existence of such profits, and also of the right of the public to a participation in them. Nay, the arrangement of 1808; particularly that part of it which refers to the reduction in the charge for the management of the Debt, goes still further; for it is a precedent to which we may now, or at any future period during the charter, refer, if necessary, to shew that nothing passed at the period when the charter was renewed—that no terms or expressions are to be found in the act of 1800, upon which the renewal of the charter was founded, which operates as a bar to our making any regulations either with respect to the deposits of public money, or to the charge for the management of the Debt, which the legislature in its wisdom may judge conducive to the interests of the public.

I am not now aware of any thing having occurred with respect to this branch of the subject, betwixt the years 1808 and 1814, upon which it will be necessary for me to make any observation to the House. In 1814, the loan of 1808, limited, like that of 1806, to the du-

ration of the war, became payable ; when the right honourable gentleman, the Chancellor of the Exchequer, proposed to the Bank, that it should be prolonged to the *fifth of April next*,—distinctly stating, that he made this proposal upon the grounds of the public balance having remained “*undiminished*” in the hands of the Bank since 1808, and expressing, at the same time, his strict adherence to all the principles, and all the reservations, with which Mr. Perceval had thought it necessary to guard himself in his arrangement with the Bank at that period. The Bank (as well, indeed, they might) agreed without hesitation to this proposal of the Chancellor of the Exchequer : and this brings us down to the fifth of April next, when all agreements on the subject of these transactions will expire, and when we shall be competent to propose any other arrangements respecting them, which the interests of the public may appear to require.

If I do not fatigue the House, I should now wish to submit to them a brief recapitulation of the advantages gained by the Bank, and of the corresponding loss in interest of money sustained by the public, arising out of the possession by the Bank of these public balances, since the year 1806, assuming their aggregate

amount, during the whole of this period, to have been eleven millions and an half.

In 1806, as I have already shewn, the Bank advanced a loan of three millions to the public, at three per cent. which reduced the aggregate amount of the deposits from eleven millions and a half to eight millions and a half.

The interest on eight millions and a half is, per annum	£425,000
To which add interest on the loan of three millions.....	90,000
Together	<u>515,000</u>

From 1806 then, to 1808, the Bank held a public treasure, amounting to eight millions and a half, and made a profit thereon; or, the public lost thereon, in interest of money, at the rate of 515,000*l.* per annum.

In 1808, the Bank advanced another loan of three millions, which reduced the deposits in their hands from eight millions and a half to five millions and a half.

The interest on five millions and a half is, per annum	£275,000
To which add, as before, on the loan of 1806...	90,000
Together	<u>365,000</u>

From 1808 then, to 1814, the Bank held a treasure belonging to the public of five millions and a half, and made a profit, or the public lost in interest of money thereon, at the rate of 365,000*l.* per annum.

In 1814, the loan of 1806 was discharged, and the amount replaced in the possession of the Bank, by which the aggregate amount of deposits was again raised from five millions and a half to eight millions and a half.

The interest on this is per annum £425,000

From 1814 then, to 5th April, 1816, the Bank will have held a public treasure of eight millions and a half, and we shall have been paying to the Bank at the rate of 425,000*l.* per annum, for taking care of it.

Having now endeavoured, very imperfectly, I am afraid, but in the best manner I have been able, to put the House in possession of the nature and progress of these public deposits at the Bank, together with the effects produced by them, both upon the Bank and upon the public; having stated, that the profit derived by the Bank from this source, and the loss sustained by the public in interest, during this period, has fluctuated between 365,000*l.* and 515,000*l.* per annum, and that its present annual

amount is about 425,000*l.*; it seems natural that we should enquire, and it is an enquiry to which I presume to invite the House, what is the nature and value of the service performed by the Bank, that can have entitled it to so large, so ample, so munificent a remuneration? And, in the investigation that I have felt it my duty to make on this subject, I can assure the House, that I have spared no pains, that I have shrunk from no labours, and that, anxious neither to deceive myself, nor mislead the House, my greatest anxiety has been to arrive at the truth; after having then carefully examined every document produced to us upon this subject, and after communications thereon with honourable friends of mine, and with practical men of business, whose judgment on these, and on all other subjects, I know to be greatly superior to my own, the result of all my enquiries has been to satisfy—to demonstrate to me—that the service performed by the Bank of England, for which the Bank has received, during the last ten years, a remuneration exceeding *four millions sterling*, is nothing more than a common ordinary banking transaction; in its character precisely the same as that which probably subsists betwixt every gentleman who now hears me, and his private banker: simple in its nature, free from all com-

plication, exposing the bank to little risk or trouble; and neither requiring, *nor in point of fact having* any extensive establishment of clerks or officers necessary for carrying it into execution.

I have also, Sir, felt that it might be advantageous to ascertain, so far as it may be practicable to do so, the rate at which it is probable this service would be performed for the public—if there were any competition to which we might resort; if, to use a homely expression, there were a “*second shop*,” to which we might go; if there were, for instance, a second Bank; or if it were advisable to employ private bankers for transacting this public business. Now, Sir, I beg not to be misunderstood in what I am here saying: I am not advising the establishment of a second great national Bank, —though there is no mean authority, and of modern date, in recommendation of a measure of that kind; nor am I proposing that private bankers should be employed on this occasion, —although, if the unreasonable conduct of the Bank should force us to resort to such an alternative, I am confident there would be no difficulty in making such arrangements, with four or five of the principal banking houses in this metropolis—in establishing such a system of checks, control, and securities, as would

practically render such a deposit in their hands just as safe as it now is with the Bank of England: I am, however, recommending nothing of the kind; and I make this reference merely for the purpose of forming a sort of standard, by which we may be enabled to measure and ascertain the value of this service performed for us by the Bank; and, Sir, I venture to affirm, as the result of various communications which I have had with many of the principal bankers in London and Westminster, on this subject, that if private bankers were employed in this service, there is not a banking house in the metropolis that would not consider its prosperity established upon the most solid and permanent basis, and its fortune in a manner made, if this branch of public business were secured to it, with a remuneration of *twenty-five thousand pounds per annum!* If, then, I am correct in what I now state, as I most conscientiously believe I am, *what have we been doing for many years past?* Why, we have been paying to the Bank half a million per annum, and are at this moment giving to them 425,000*l.* for a service, which, if there were any competition, would be performed for, *and which is, therefore, worth no more than 25,000*l.**

Why then, I here call upon the House, I ask Directors of the Bank, who are members of

this House, and who, as legislators and representatives of the people, have duties to perform to the public, as well as within the narrow circle of their own proprietors, I ask them, whether, under any circumstances in which the country could be placed, but particularly referring to the circumstances of financial difficulty and pressure in which we have been during the last twenty years, groaning under the weight and burden of taxation—unavoidably so, if you please—vexed, harassed, and tormented, by a swarm of petty, paltry, teasing taxes, the combined produce of which falls infinitely short of the sum that we have been thus lavishing on this great corporation, already bloated with wealth and prosperity—I ask you, whether it be a thing fitting and becoming in itself?—on the contrary, whether it is not a most ungrateful return to that people, who, with a manliness and fortitude, which have no parallel, have borne up against and supported a weight and pressure of taxation that is without example in the history of the world—does it not, I say, excite in us feelings of disgust and indignation, that we should be squandering upon this wealthy, this opulent company, so large, so vast, so extravagant a remuneration, for the performance of a service so simple, so limited, so circumscribed in its nature and

operation, as I have described, and in my conscience I believe, truly and correctly described, the nature of this service to be? and with this observation I shall close, Sir; what I have to submit to you on the first branch of this subject.

I have already trespassed at such length on the time of the House, that I can truly assure them, that it is not less satisfactory to myself to state, than it will be to the House to know, that in what I shall have to offer them on the second branch of the subject, namely, on the charge for the management of the public Debt, I shall be comparatively short. But before I submit to you any observations hereon, I am anxious to express the sense I entertain, in common, I believe, with every individual in the country, as to the very able, judicious, and satisfactory manner to the public, in which this important and extensive branch of our public business is carried on at the Bank. No person is more sensible, no person more ready to acknowledge, than myself, the perfection of that system, under which this great machine, if I may so express myself, is managed and conducted by the Bank of England. But perfect, Sir, as this system may be, and I believe is, satisfactory as I know it

is to the public, we have nevertheless witnessed within our own times two instances, in which a considerable reduction has taken place in this rate of charge : and as the National Debt, upon which it operates, has increased since the last arrangement was made upon this subject in 1808, with a velocity and to a degree that has neither parallel nor precedent in any former period of our history, during the same space of time—it will now be for the wisdom of Parliament to consider—particularly referring to the situation in which the country now finds itself, when, without subjecting myself to the imputation of despondency, (for I am not one of those who despond of the country) I nevertheless feel myself warranted in asserting, that unless a system of economy, liberal if you please, but at the same time strict and rigid, pervade every department of the state, it will be impossible for us to go on and keep our faith with the public creditor :—under those circumstances, Sir, it will be for the House, in its wisdom, to consider, whether we are not entitled to look to the Bank for a further, and still more considerable reduction than took place in either of the two former instances to which I have alluded, in this item of our public charge. And in the hope of affording some assistance to the House in forming

its judgment upon this subject, I beg leave to submit to them the following facts:—

In the year 1786, Mr. Pitt reduced the charge for managing the Debt, from £562 10s. per million, at which rate the Bank had been paid from the year 1742, to 450*l.* per million, operative upon the whole amount of the *unredeemed* Debt, which at that period was about 224 millions, and the charge of management upon it, at this reduced state, amounted to about *one hundred thousand pounds per annum*. Now, Sir, I know it to have been the opinion of many well-informed and enlightened persons in those days, that this reduction did not go far enough; and there is, in particular, a letter on this subject, amongst our parliamentary documents, addressed to the treasury at that period, by the commissioners for auditing the public accounts, to whom the subject had been specially referred, from which, if the House would indulge me, I should wish to read to them a few short paragraphs, as describing, in terms better than I can do, the nature and value of this service; and also as containing some observations on the necessity of public economy and retrenchment, which, if applicable to the situation in which the country then stood, with a public Debt of something more than *two hundred millions*, and with a

peace establishment of little more than *five millions*, will, I think, be found to apply with tenfold and accumulated force to the present state of the country, when our Debt exceeds *eight hundred millions*, and when we have lately heard of a peace establishment of *nineteen millions*.

The letter is dated 18th January, 1786, signed by these Commissioners, addressed to the Treasury, and contains what follows:—

“ MY LORDS,

“ Your Lordships having been pleased to
 “ refer, for our consideration, the enclosed memorial of the Court of Directors of the Bank
 “ of England, praying the annual allowance of
 “ six thousand one hundred eighty-two pounds
 “ four shillings and ten pence, for the charges
 “ of management on ten millions nine hundred
 “ and ninety thousand six hundred fifty-one
 “ pounds ten shillings and four pence, five per
 “ cent. annuities, funded at the Bank of England, from Navy, Victualling, and Ordnance
 “ bills;—

“ We have, with due attention, considered
 “ the said memorial, and find the sum prayed
 “ for, properly calculated, according to the
 “ rate usually allowed for the like service.

“ We think it, however, our duty upon the

“ present occasion, to represent to your Lord-
 “ ships that the annual sum now paid to the
 “ Bank for the charges of managing the public
 “ annuities, is of considerable magnitude.

“ If the rate hitherto adopted continues to
 “ be allowed, it will amount to upwards of
 “ 120,000*l.* annually; a charge which has in-
 “ creased with the public necessities, and is
 “ now, in our apprehension, much beyond the
 “ probable expense attending such manage-
 “ ment.”

These Commissioners then state different rates of charge for the management of the Debt, allowed betwixt the years 1714 and 1742, and particularly advert to an allowance fixed by Sir Robert Walpole in 1726, of 360*l.* per million, after which they proceed with the following observations:—

“ As the right honourable person” (Sir Rob. Walpole) “ who presided at the Treasury Board in 1726, had acquired the public confidence by his eminent skill in adjusting and retrieving the national finances from the ruinous state after the South Sea scheme, it would be presumption in us not to subscribe to his judgment that 360*l.* per million was then reasonable and fitting for charges of manage-

"ment; and we take the liberty to suggest (what
 "is indeed very obvious) that the commence-
 "ment of every undertaking is usually the
 "most expensive, and consequently when the
 "Bank had once provided additional clerks,
 "and incurred such other new expenses as
 "might be necessary in 1726, the same persons
 "and accommodations (or nearly the same)
 "would be sufficient to transact the payment of
 "the dividends in several additional millions,
 "without much increase of charges of manage-
 "ment.

"We believe that most other contractors
 "have found that a moderate sum gained on a
 "large quantity of any commodity, generally
 "produces a greater profit than a higher price
 "on a less quantity; therefore, if 360*l.* was a
 "sufficient allowance when annuities on a ca-
 "pital of one million only were created, it
 "should seem that the Bank could well under-
 "take the like service at a much lower rate;
 "not only when the public necessities have un-
 "fortunately increased the capital of the Na-
 "tional Debt to the enormous load of two
 "hundred millions, but also when the consoli-
 "dation of a variety of annuities must have
 "lessened both the trouble of expense attend-
 "ing the management thereof.

"In these times, *when the situation of this*

country requires every practicable retrenchment
 “ of expense, not only by abolishing useless
 “ offices, but also by reducing every necessary
 “ expenditure within certain and reasonable
 “ limits, we cannot pass unnoticed this heavy
 “ charge for management of the Public Debt,
 “ in addition to the allowances given to the
 “ Bank after the rate of 805*l.* 15*s.* 10*d.** per
 “ million on the money received for the origi-
 “ nal contributions to annuities : and of 1,000*l.*
 “ and sometimes more, for receiving contribu-
 “ tions to the lottery, together with the in-
 “ creasing advantages derived by the Bank from
 “ the accumulation of unclaimed dividends
 “ and lottery prizes ; and the very advantage-
 “ ous terms upon which they contract for the
 “ circulation of Exchequer Bills, as well as
 “ the recent advantage of the custody of the
 “ cash for the navy and army services.

“ Formerly the payment of annuities was
 “ transacted by the officers at the Exchequer,
 “ and the lottery prizes were paid by a pay-
 “ master appointed under the lottery acts.

“ These businesses therefore were probably
 “ transferred to the Bank, under an idea that
 “ they could be done there cheaper, or with
 “ greater accommodation to the public. If they
 “ continue under the same arrangement, and

* Reduced since 1808 to 800*l.* per million.

“ all the allowances to the Bank for charges
 “ of management are reduced at 360*l.* per
 “ million, as was settled in 1726, (*though in our*
 “ *opinion that corporation ought to take less*)
 “ they will receive a most ample sum of 76,000*l.*
 “ per annum, and yet there will be a saving of
 “ about 44,000*l.* per annum, which is nearly the
 “ interest of one million and a half at 3*l.* per cent.
 “ But in case they should not accede to such
 “ reasonable abatement as your lordships shall
 “ think proper, we think it our duty to sug-
 “ gest to your lordships, that the service may,
 “ as we conceive, be performed in a separate
 “ office *for a sum less than one third of the pre-*
 “ *sent allowance to the Bank*, if it should not be
 “ thought proper that this business should
 “ revert to the Exchequer.”

“ The fund for the reduction of the National
 “ Debt must be the surplus of the annual in-
 “ come above the annual expense. Every im-
 “ provement that can be added to this fund by
 “ the strictest frugality, will lessen the necessity
 “ of increasing the national burthen by new
 “ taxes, and the subject will more cheerfully
 “ contribute his share to the public exigencies,
 “ when he sees that a spirit of œconomy is dif-
 “ fused through every branch of the receipt and
 “ expenditure of the revenue.”

The House will perceive from what I have

now read to them, that these Commissioners, to whom Mr. Pitt specially referred the subject, who had, too, four years previously, gone into a particular investigation of it, and who, of course, had access to every official source of information calculated to lead them to correct conclusions upon it, not only state that 360*l.* per million would, in their judgment, be an ample compensation to the Bank for the performance of this service, but express an opinion, *that the corporation ought to take less.* The Commissioners further assert, *as a fact*, that if the Bank should not accede to such terms as the treasury might think reasonable, the service might be performed by government, either in a separate office, or at the Exchequer, where this business was formerly conducted, for a sum *less than one third* of the allowance hitherto made to the Bank ; that is, for *less than 187*l.* per million.*

Mr. Pitt, however, from motives of which I am ignorant, instead of 360*l.* agreed to allow the Bank 450*l.* p. million—which allowance was sanctioned by an Act of Parliament passed in the year 1791.* And, from that period, down to the year 1797, the subject seems to have attracted no particular notice, either on the part of the legislature or of the public.

* 31 Geo. III. cap. 33.

In the year 1797 the finance committee over which you, Sir, presided, with so much credit to yourself, and so much permanent advantage to the country, investigated the subject, and reported upon it; expressing, in their report, an unequivocal opinion as to the expediency of effecting a further reduction in this charge, but submitting the subject to the consideration and wisdom of Parliament. This suggestion, however, as too often happens with other valuable suggestions from Committees of this House, appears to have passed wholly unnoticed, from the year 1797 down to the year 1807, when the committee on public expenditure again examined and made a report upon it. I will not now consume the time of the House by going into details, which will be found much better given in the Report itself; but there is one fact mentioned in it which appears to me to be so important for the House to notice, that I would entreat their permission to state and bring it to their recollection. The committee took a comparative view, made a comparative estimate, of the increased expenses of the Bank arising out of this particular branch of their business, during the antecedent eleven years, that is from 1796 to 1807, and contrasted it with the increased profits of the Bank, derived from the allowance for the managing the Debt, dur-

ing the same period. They state that they find the increase in the number of clerks (*of all the expenses of the Bank by far the greatest*) to be 137; that the salaries of those clerks may be estimated upon an average at 135*l.* each, but that 170*l.* for each clerk would be sufficient not only to cover the salaries actually paid, but also to provide a superannuation fund for the maintenance of those, who, from age or infirmity, might become no longer serviceable to their employers: 137 clerks, then, at 170*l.* each, create an annual charge upon the Bank of about 23,000*l.* The committee further observe that one half, or at most two thirds, of the expense of clerks, would meet every other incidental charge of the Bank, applicable to this branch of the business—such as law-expenses, losses from frauds and forgeries, annual allowance for buildings, &c. &c. Two thirds of 23,000*l.* or about 15,000*l.* would bring the whole amount of the increased expenses of the Bank to about 38,000*l.* per annum. The committee next proceed to shew, that *the increase* in the allowance, payable by the public to the Bank for the management of the Debt during the same period, exceeded the sum of 155,000*l.*—on the side of increased expenses, then you have 38,000*l.*—on that of increased profits 155,000*l.*—leaving to the Bank a clear

net additional income of about 115,000*l.* per annum, arising wholly out of the increased burthens and pressure upon the country!

Mr. Perceval, therefore, in consequence of what was stated in this report, claimed on the part of the public a further reduction in this charge, and the negotiation ended in an agreement with the Bank, which reduced the allowance from 450*l.* to 340*l.* per million on six hundred millions of the Debt, and to 300*l.* per million on all excess beyond the six hundred millions; at this rate the Bank have been paid since the year 1808—and the annual amount of this charge at present is, as I have before stated, about 275,000*l.*

But this is not all—the Bank make a further charge of 800*l.* per million upon every loan raised, and a sum of 1000*l.* is paid to them upon every lottery contract: the amount of which two items in the year 1815, exceeded thirty thousand pounds.

Upon these two charges I will only observe, that as every loan raised, lays the foundation of a future and permanent source of annual profit to the Bank, it seems unreasonable that any allowance whatever should be made to the Bank, merely for receiving the instalments on such loans;—and on the subject of the lottery, one might imagine that the benefits which the

Bank derive from the balance of unclaimed lottery prizes constantly in their possession,* would form a very adequate compensation to the Bank, for transacting all they have to do, with reference to the lotteries.

There are three other charges made by the Bank against the public, trifling certainly in amount compared with the sums to which I have been just adverting, but which appear to me to be so objectionable in principle, that I must request permission of the House to make a short observation upon each of them.

The first is an allowance of four thousand pounds per annum paid to the Bank under the denomination of "*an allowance to the Bank for its house expences*!" "*house allowance*" as it is sometimes called: what the ground was upon which this claim was originally made upon the public, I have not been able to discover. All I know of it is, that when the Bank was first established, they lent their whole capital to the public, at that time consisting of one million two hundred thousand pounds (1,200,000*l.*) at eight per cent. interest, making an annual charge for interest of 96,000*l.* to which was added this sum of 4,000*l.* for "*house expenses*," constituting together, that annuity of one hundred

* Amounting upon an average to a sum little short of *one hundred thousand pounds*.

thousand pounds referred to in every Act of Parliament, since the year 1695, that has reference to the Bank charter. I am aware, Sir, that if the Bank stand rigidly upon their chartered rights, we cannot deprive them of this allowance of 4,000*l.* for “ *their house expenses* ;” but Mr. Perceval, in his arrangements with the Bank in the year 1808, felt, what every person must do, in referring to the present situation of this great corporation, such a disgust at this charge, that he made a distinct proposal to the Bank for its suppression. The Bank, however, appear to be very much attached to this allowance, and refused to part with it ; giving as the only reason for their refusal, *that they have been in the possession of it ever since the year 1695.*

The second item to which I wish to advert is one almost as venerable as that which I have just discussed, in point of antiquity, equally objectionable in principle ; but differing, as I humbly conceive, from the other in one respect, namely, that the Bank cannot contend for its continuance, upon the ground of their *chartered rights*. It is a charge of 1898*l.* per annum made for the management of four millions of the public debt purchased by the Bank of the South Sea Company in the year 1722, and which now constitutes a part of the Bank capital lent to the public at 3 per cent. interest. I will only ob-

serve upon this item, that as there no longer exist any transfers or payment of dividends applicable to this part of the Public Debt, there appears no reason whatever why any charge should be allowed to the Bank for the management of it.

The third and last item, to which I wish to call the attention of the House, is a charge that appears to me to be of a most unwarrantable nature indeed, and upon which I could, and should be tempted to say a great deal, if, after having occupied so much of the time of the House as I have done, I did not feel it imperative upon me to come as soon as possible to a conclusion. The charge in question, Sir, is an allowance paid to the Bank since the year 1806, of $\frac{1}{8}$ per cent.—half-crown in the hundred pounds—on all sums of money voluntarily taken to the Bank by persons assessed to the property duty, for trades, offices, or professions. And the history of this charge is shortly this:—In the act of the 46th of the king,* the property duty act of 1806, there is a clause which gives an option to individuals assessed for trades, offices, and professions, either to pay their tax in the ordinary way to the parochial collectors, or, if they prefer it, as some do from a notion (a mistaken notion as it has since proved) of

* 46 Geo. III.—Cap. 65.

thereby keeping their return of income secret, to pay it into the Bank of England. There is another clause in this act, enjoining the Bank to pay over all money thus voluntarily brought to them, into the Exchequer, within one week, from the time of its receipt. The Bank have nothing whatever to do with the assessment, and the whole transaction on their part consists in receiving the money thus brought to them, giving a receipt for it, allowing a discount, in cases where the payment of the duty is anticipated, and in accounting for it within one week to the Exchequer. Now, Sir, when we consider the great benefits enjoyed by the Bank from its other transactions with the public; and when, in particular, we advert to this year 1806, when the Bank was receiving more than half a million a year merely for acting as the public banker, as well as other immense profits, of which, in less than two years afterwards, they agreed to make an abatement to an extent exceeding 240,000*l.* per annum—one might have expected, that this trivial, this insignificant service, would have been performed by the Bank gratuitously. No such thing, Sir, the Bank condescended to ask, and the government agreed to pay, a commission of $\frac{1}{8}$ per cent.—half-crown in the hundred pounds, a stock-broker's commission—for a service for

which, as it appears to me, the Bank were not justly entitled to receive one shilling. The charge for this trifling service, during the last ten years, has amounted to a sum exceeding three thousand pounds per annum; and so strongly do I feel the objection to it in principle, that if the property tax should unfortunately be prolonged beyond the present year, and unless the continuance of this allowance to the Bank should be distinctly disavowed, I pledge myself to bring forward a proposition for its future and entire suppression.

Having now, Sir, gone through every item of charge made by the Bank against the public, to which, as it appears to me, a principle of economy and retrenchment, may, and in justice to the public, ought to be applied; having shewn you that we are paying to the Bank annually a sum of not less than 425,000*l.* merely for acting as our banker; that in addition to this, we allow the Bank upwards of 300,000*l.* per annum, for the management of the public Debt, for receiving contributions on loans and lotteries, for their house expenses, and other charges enumerated under the second branch of this subject; and, that besides these two sources of profits, the Bank are at the present moment deriving, from the increased circulation of their paper since the passing of the

Restriction Act, an additional income of 800,000*l.* per annum; making altogether an aggregate amount of gross profit, derivable by the Bank of England, and arising out of its connexion with the public, *exceeding annually, one and a half million sterling*; having stated all this, I am aware that it may be said to me, “Admitting every thing you have asserted to be correct and true, and regulations to be proposed, calculated for the accomplishment of your object, where will be your remedy if the Bank of England should resist?” And this, Sir, is a feature in the subject, which I should have considered it extremely remiss on my part, to have overlooked: the first answer, then, that I should be disposed to give to an enquiry of this sort, would be this—*that I do not believe the Bank of England would resist, if the House of Commons, exercising its undoubted and constitutional privilege of vigilance and controul, shews a resolution—a determination—to watch over, uphold, and maintain, the just and legitimate rights of the public, with reference to these transactions: under such circumstances, Sir, my belief is, that the Bank would not resist; I say, if this House shews that determination, not the Chancellor of the Exchequer, not any Chancellor of the Exchequer: for in the times, and under*

the circumstances, in which we have lived during the last twenty years, and now live, the conviction of my mind is, that no Chancellor of the Exchequer *is, or can be*, a match for the Bank of England, in negociations of this nature. Why, Sir, is it not notorious, that in all such negociations, there exist *certain influences*, on the side of the Bank, (the particulars of which, I purposely abstain from specifying) but which, though all-powerful, irresistible, in Downing Street, would be impotent and un-availing within the walls of this House? Is not your whole financial history, during the last twenty years, filled with proofs of this? and if any evidence were required to shew practically, the benefits which the country is likely to derive from the interference of Parliament, in transactions of this kind, I have only to refer you to what passed no longer ago than in the last Session, on the subject of the Stamp Duties; when I maintain, without fear, if not of contradiction, at least of refutation, that in consequence of this subject having been merely mentioned by a noble friend of mine in this House,* and of the repeated discussions which the House was afterwards pleased to go into upon it, the public are at present

* Lord Archibald Hamilton.

enjoying a saving to the amount of between 30,000*l.* and 40,000*l.* per annum, upon the single and insignificant article of the composition payable by the Bank, for stamp duties on their notes; and this, by the establishment, *for the first time*, of a principle, as just as it is obvious, namely, that the Bank of England should pay to the stamp duties, as all other issuers of paper throughout the kingdom pay, that is, *in proportion to the amount of their notes in circulation*—which principle was wholly overlooked, or neglected, (or, perhaps, its accomplishment prevented by the exercise, on the part of the Bank, of *those influences* to which I have just alluded) in the two former negotiations, which took place in 1804 and in 1808 on this subject—Negotiations—I desire the House to observe, conducted altogether *in Downing-street*, and which never particularly attracted notice, or produced any discussion *in this House*—but, in consequence of which neglect, or oversight, the stamp revenue has been deprived of, and the Bank have, improperly as I conceive, put into their pockets, between the years 1804 and 1815, a sum amounting to 535,000*l.*! I assert this from a calculation founded on parliamentary documents, now on your table; I pledge myself for its accuracy; and I undertake to prove it at your bar, if required.

It is then in this House, and through the medium of this House only, that the interests and rights of the public can be secured in all negotiations of this nature with the Bank; and I repeat it, if the House of Commons *will interfere*, my conviction is, that the Bank *will not resist*. If, however, I should be disappointed in this expectation; and if the Bank, unmindful of what it owes to the public, forgetting that it has duties to perform towards the public, as well as within the limited circle of its own proprietors,—I will go farther, and, as a proprietor of Bank stock myself, add, that if the Bank, taking a narrow, contracted, selfish, and therefore mistaken view, of its own real *permanent* interests, should resist regulations founded in fairness, equity, and justice,—in such a state of things, Sir, I say it must be a consolation to us to know, and I assert it confidently, that *we have* a remedy within our own reach; and, though I, for one, should certainly prefer to see these services continued under the management of the Bank, provided the Bank would henceforth conduct them upon a system of fairness and moderation, it is, nevertheless, a remedy not only practicable, but free from much difficulty, and one which, I trust, Parliament will have the courage and wisdom to adopt, if the conduct—or, I should

rather say, if the *misconduct*—of the Bank should drive us to the necessity of resorting to it.

I will not now trespass upon the time of the House, by going into all the details of those remedies to which I have just referred, as being within our reach: because, if the motion I am about to submit to you, for the appointment of a select committee for the investigation of this subject, should be acceded to, such details would be considered much more advantageously, in the first instance, in such a committee, than in the House itself. I would just observe, however, that one of those remedies,—namely, that by which the *Exchequer Deposits* might be made available to the public service, is given in detail in the correspondence now on your table betwixt Mr. Perceval and the Bank, in 1808; and I will venture to add, that nothing would be found more practicable or easy than the application of economical regulations and arrangements, to other government deposits, now constantly unproductive to the public, in possession of the Bank; from which a very important saving in interest of money might and would be effected. For instance;—let us suppose a balance in the Bank to the credit of the Treasurer of the Navy of 500,000*l.* and that, at the same moment, the

account of the Treasurer of the Ordnance should be exhausted and want replenishing,—what happens, according to the present practice? Why, this happens: Exchequer Bills are sent into the market—bought up, perhaps, in many instances, by the Bank itself—but, by whomsoever bought, instantly creating a charge of interest upon the public; and, in this manner, the wants of the Ordnance Department are satisfied. Now I want to know what possible objection could be urged against the Ordnance, (in the case I have supposed) taking from the Navy Fund, at the Bank, whatever cash the Navy could spare; always depositing, in exchange for such cash, a corresponding amount in Exchequer Bills on the Navy account? by which operation the Exchequer Bills would be kept out of the market, and interest thereon saved, *for a time at least*. But then I may be asked, what is to become of the Navy, when that department shall want the money? to which I answer, that possibly there may, by this time, be on the Ordnance cash account at the Bank the means of repaying to the Navy the sum originally obtained from it: but, if that should not be the case, let an examination be made into the state of the other government cash accounts, and the deficiency on the Navy account might be supplied from an abundance

of any of the other balances :—and thus might this economical principle, from time to time, be applied to and pervade the whole range of the public accounts at the Bank of England. But it will be said, perhaps, what will be done, when no more cash can be spared by any of the government accounts at the Bank? Why, this will be done: You will, in that case, resort, in the *last* instance, to that which you now do in the *first*; namely, *send your Exchequer Bills to market!* But this will not have taken place, till you shall have absorbed in Exchequer Bills, and rendered available to the public, perhaps, from four to five millions of cash, which, according to the present practice, is employed for the sole and exclusive advantage of the Bank of England.

There is only one other observation, Sir, which I should wish to offer to the House, before I submit to them the proposition with which I am about to conclude. It has been observed, and by an honourable Director, in this House, that this discussion to which I have felt it to be my public duty to invite the House, is calculated to be *injurious to the public credit of the country*. An assertion, than which, one more absurd, or unfounded, appears, to me, never to have been made, upon this, or indeed

upon any other subject. What, Sir, are we to be told, and by a Director of our great National Bank too, that a discussion, which has for its only object a considerable saving of the public money, can be injurious to the public credit of the country? Is, then, public credit better supported by public extravagance, than it is by public economy?—or, is it essential to public credit, that the Bank of England should continue to divide amongst its proprietors, as it has done during the last seventeen years, under the denomination of bonuses and increase of dividends, millions and millions of money, in addition to, and over and above its old ordinary dividend of seven per cent.?—which ordinary dividend of seven per cent. be it noticed, was the highest rate of dividend that the Bank ever was enabled to give to its proprietors from the year 1730, down to the passing of the Restriction Act!—a period of seventy years, during which we have seen the ordinary Bank dividend as low as six and a half, as low as five and a half, *and*, during eleven years of that period, as low as four and a half per cent.!—Is this, I ask, essential to the public credit of the country?—Or, are we to understand that the market price of bank-stock is the criterion, the standard by which we are to measure the public credit of the country? Why, Sir, we know

very well, that bank stock has risen in value, and is, on this very day, that I have the honour of addressing you, 125 per cent. higher than it was on the average of the whole year 1797, notwithstanding that, since that year, the Bank has distributed amongst its proprietors upwards of *seven millions* of money, *in addition* to its ordinary dividend of seven per cent. In a word, is our public credit identified and dependent on the exorbitant profits of the Bank of England? If, indeed, Directors of the Bank had come down to this House, and said to us, "If you deprive us of these profits, you will lower the market price of bank stock," they would have been intelligible—I should have understood them—but this would have been no argument whatever with me, for leaving these enormous profits in their hands. Or, if the Directors were to state to us the very reverse of what we believe, nay, I may venture to say, of what we know to be the fact—if they were to tell us that the Bank of England, instead of being as it is, the most flourishing and opulent mercantile body in the world, possessing, and deservedly possessing, the most unlimited degree of commercial credit and confidence, not only at home, but throughout every part of Europe, if, Sir, I say, instead of this, which we confidently believe is the situ-

ation of the Bank, the Directors were to shew us, that the Bank is in a state of depression—that it is struggling with difficulties—that it requires the utmost exertions on the part of its Directors, to *provide* a moderate rate of dividend for the proprietors—and if, in such a state of things, the Directors were to say to us, that the loss of such profits would be injurious to the *credit “of the Bank,”* here, too, they would be intelligible: but does any person believe, that the credit of the Bank is in any danger, or that the public credit of the country can be affected either by this discussion, or even by the accomplishment of my object, in any other manner *than to be improved by it?*—Sir, I entreat the House to believe, that there is no individual, who appreciates more highly than I do, the public credit of the country. I consider public credit as the external evidence, not only of public prosperity, but of public character—as a commercial nation, it is one of the brightest jewels that belongs to you—it is that rock upon which our national greatness was originally founded—upon which it now rests—and by which alone we can perpetuate and hand it down to our posterity.

I have now done: and all that remains is for me to submit to the House the proposition that I now hold in my hand: and after having

troubled the House at such length as I have done upon this subject; it will be unnecessary that I should say any thing as to the proposition, which is, indeed, of a nature and character that will explain itself; I find it necessary, however, just to bring to the recollection of the House, that after the production of a variety of papers in the last session of Parliament on this subject, moved for by the Governor of the Bank and myself, I submitted to the House, certain resolutions of fact, founded on the information contained in those papers; and that the Governor of the Bank also presented his resolutions, exhibiting the view taken by the Bank of England of this subject. I will not at present enter into any discussion with reference to these respective resolutions, further than to observe, that in the resolutions of the Bank no attempt is made to disprove or even to deny, any of the facts stated in the resolutions which I had the honour of submitting to you. The late period of the session at which these two sets of resolutions were tendered to the House precluded the possibility of any satisfactory discussion upon them at that time—and a mutual understanding took place, that the further consideration of the whole subject should be deferred, with a view to its being resumed in the present session. In con-

formity to that understanding I have framed the motion which I have now to offer to you, and in doing this I think I am entitled to rely upon the support of every Director of the Bank of England, because my proposition does nothing more than carry into effect, the last of the nine resolutions, presented to us by the Bank in the last session, which I will now beg leave to read to the House, and which is in the following term;

“ That, whenever the engagements now subsisting between the public and the Bank shall expire, it may be proper to consider the advantages derived by the Bank from its transactions with the public, with a view to the adoption of such arrangements, as may be consistent with those principles of equity and good faith, which ought to prevail in all transactions between the public and the Bank of England.”*

In the motion I now submit to you, Sir, the House will perceive, that I have adopted not only the spirit, but the very language of this Resolution of the Bank of England. It is,

* Vide Bank Resolutions, No. 9.

however. impossible for me to sit down, without expressing the regret I feel, at having occupied so large a portion of the time of the House, as I have done, or without assuring them, as I now beg leave to do, of the gratitude I feel, for the forbearance and indulgence with which they have been pleased to receive what I have addressed to them upon this subject. I beg to move, Sir,

“ That a select committee be appointed to
 “ enquire into the engagements now subsisting
 “ between the public and the Bank of England,
 “ and to consider the advantages derived by
 “ the Bank from its transactions with the pub-
 “ lic, with a view to the adoption of such fu-
 “ ture arrangements, as may be consistent with
 “ those principles of equity and good faith,
 “ which ought to prevail in all transactions be-
 “ tween the public and the Bank of England,
 “ and to report their opinions thereon to the
 “ House.”

THE END.

The first of these is the fact that the
 Government has been unable to secure
 the necessary funds to carry out its
 policy of non-interference. This is
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 to secure the necessary funds to carry
 out its policy of non-interference.

The first section of the report is devoted to
 a general description of the country and
 its resources. It then proceeds to a
 detailed account of the various
 industries and occupations of the
 people. The report concludes with
 a summary of the findings and
 recommendations.

APPENDIX.

No. I.

DEPOSITS OF PUBLIC MONEY AT THE BANK.

No. 1.—Balances of Cash belonging to the Public, at the Bank, in the Years 1806 and 1807, as stated in the Appendix to the Report of the Committee on Public Expenditure.

Page in Appendix and No. of the Account.		Average Amount.
Page 87... No. 1	Customs, Excise, and Stamps.....	£ 457,378
.. 89..... 2	Postmaster General	20,368
.. 90..... 3	Different Depart- { Reduction of Debt £1,488,073 } ments of Govern. { Other Accounts....1,531,974 }	3,020,047
.. 92..... 4	Unclaimed Dividends..... £1,341,154 } Deduct Advance, per 31 G. III. 376,739 }	964,415
.. 93..... 5	Exchequer { 10 Oct. 1806 £9,121,700 } Deposits. { 7 Nov.....5,782,800 } Arge. $\frac{1}{4}$ { 5 Dec.....6,877,200 }	7,260,566
.. 96..... 6	American Commissioners.....	475,029
	Aggregate Amount...£	12,197,803
	Aggregate Amount made up at other Periods. { 11 Oct. 1806 £12,198,236 } Vide Report of Com. on Pub. Expenditure, pages 74 and 75. { 1 Nov.....11,623,189 } { 8 Nov.....11,461,200 } { 1 Dec.....12,018,324 }	

Reference to the No.
on the Back of
each Account, &
to the Date when
ordered to be
printed.

*Balances at the Bank in the Year 1815,
as stated in Accounts moved for by
Mr. GRENFELL.*

No.		
318-24 May, 1815	Customs, Excise, and Stamps.....	507,458
319-24 May, 1815	Postmaster General	31,219
320-24 May, 1815	Different Departments of Government, &c.	3,767,316
257- 1 May, 1815	Unclaimed Dividends, after deducting Advances, } per 31 and 48 Geo. III..... }	640,345
387-12 June, 1815	Exchequer Deposits—Average made up from Bal- } ances on 14 different days—betwixt 14 Jan. and } 23 Dec. 1814.—Vide Account	6,540,978
321-24 May, 1815	American Commissioners and other Balances, on } 1st January, 1815..... }	479,055
Aggregate Amount in 1815..£		11,966,371

* In Mr. Vansittart's Letter to the Bank, 22d November, 1814, it is stated that the Balances had not diminished since the year 1803. L

No. 2.—*An Account of the Average Amount of Balances of Cash at the Bank, resulting from the Public Accounts, from 1st February 1799, to the 15th January 1800.*

Vide account, No. 434, moved for by the Governor of the Bank, ordered to be printed, 26th June 1815.

Amount. £1,724,747

An Account of the Average Amount of Unclaimed Dividends and Lottery Prizes, at the Bank, from 1st February 1799 to 1st January 1800.

Vide account, No. 435, moved for by the Governor of the Bank, ordered to be printed, 26th June 1815.

Amount. £837,966

* 2,562,713

An Account of Exchequer Deposits, at the Bank, from 1st April 1799 to 5th April 1800.

Vide account, No. 443, moved for by the Governor of the Bank, ordered to be printed 27th June, 1815.

Amount on average + £3,688,775

Balances at the Bank in 1800—Total 6,251,488

* These balances (excepting that which arises from the issues for the redemption of the Debt, amounting to above 615,000*l.*) are stated, in Mr. Thornton's evidence, in 1807, not to have been calculated upon when the Charter was renewed, "*because they were of trifling amount.*"

† This balance is stated, in Mr. Thornton's evidence, in 1807, to have been calculated at two millions and a half only, in the negotiation with Mr. Pitt, for the renewal of the Charter in 1800.

No. 3.—*Extract from Report of Committee on Public Expenditure.—Ordered by the House of Commons to be printed, 10th August, 1807.—Vide pages in Report, 75, 76, 77, 78, 79.*

“THE magnitude of these balances,* and of the profit which must be derived from them (a profit which is likely to increase during the war, but which may be subject to diminution on the return of peace) has attracted the attention of your committee no less than that of the allowance for the management of the National Debt. The annual interest calculated upon them amounts to between 5 and 600,000*l*. In the case of a private banker, floating balances cannot be considered as productive of a profit equal, or nearly equal, to the whole interest upon them; because, both the charges of the management of the concern, and the interest lost by maintaining the stock of ready money deemed necessary for securing the punctuality of current payments, operate largely in diminution of such profit: but in the case of the Bank of England, the charges belonging to their banking transactions with government must evidently be small in comparison with the profit on those extensive transactions. The aggregate balances of public money in the hands of the Bank have been shown to admit of no great fluctuations; nor do they require to be provided for, (especially at the present period) by means of a stock of unproductive money, the notes of the Bank itself being employed to meet any such occasion.

* Balances of public money at the Bank.

Your committee, therefore, *are inclined to consider a sum equal to five per cent interest, on the average balances in question, to be not far from the amount of the profits arising from this source.* These profits undoubtedly are intermixed with the other profits of the Bank, but their general amount may, without difficulty, be distinguished and ascertained. Excepting the sum gained by the management of the public Debt, and of loans and lotteries, and by trade in bullion, the whole gain of the Bank must obviously consist of interest on various sums lent; and the amount of the daily interest so accruing, must necessarily bear an exact proportion to the total daily amount of the several funds in their hands, deduction being made for that part only, which is kept invested in cash and bullion, these being the only unproductive articles of any moment in which their funds can be employed.

But as some doubts may be excited by the annexed evidence, respecting the productive quality of some of these balances, it seems proper to enter fully into the subject; in doing which, the circumstances which accompany and follow each augmentation of the government balances must be minutely detailed.

Whenever an addition is made to the amount of these balances, it is effected in general by a payment into the Bank of their own notes. The notes so paid in are cancelled. Thus a reduction takes place in the circulating notes, and these notes are a fund, which supplies, in the same manner as the government balances, the means of lending at interest. Every such reduction of notes, however, must be considered as temporary, *because the maintenance of the circulating Bank paper at the accustomed, or nearly the accustomed point, is felt*

by the bankers and merchants of the metropolis to be necessary to the regularity of current payments. Bills of exchange are therefore offered to the Bank to be discounted, in such quantity as to restore the amount, or nearly the amount of notes cancelled by means of any increase of balances, unless the Bank itself by delivering out notes in payment for Exchequer Bills which they may have bought, or for loans to government, should have rendered the application for additional discounts unnecessary. This application for additional discounts, on the occasion of an increase of balances, must indeed ordinarily precede such increase, and furnish the means of effecting it.

That the great augmentation of government balances in the Bank, which has taken place since the year 1797, (an augmentation amounting probably to seven or eight millions) has not permanently diminished the notes in circulation, is proved by the annexed account of notes in circulation between 7th of February, 1795, and 1st of February, 1807; by which it appears that the notes, exclusive of 1*l.* and 2*l.* notes, were

on 7 Feb. 1795	-	-	-	-	£12,870,500
6 Feb. 1796	-	-	-	-	11,215,000
And on 1 Feb. 1806	-	-	-	-	12,856,770
And 1 Feb. 1807	-	-	-	-	12,333,430

The fluctuation in those twelve years (with the exception of a short period preceding the suspension of the cash payments) was only between the sums of 11,589,380*l.* and 13,845,800*l.*, to which last-mentioned sum they amounted on the 25th January, 1801, a period not long subsequent to the day of paying the dividends, when a more than ordinary issue of paper must

be supposed to have taken place. Since therefore each augmentation of the government balances, though it may be at first attended by a diminution of Bank Paper, is followed by a proportionate re-issue of that paper, and since, in return for the paper so re-issued, additional bills are discounted, additional Exchequer Bills are bought, or additional loans are furnished to government, (all articles equally yielding interest,) it follows that those additions which are made to the balances, must be considered as producing a corresponding increase of interest. The proportion will be exact, whenever the notes suppressed are exactly restored, provided the quantity of cash and bullion continues precisely the same.

Whether the cash and bullion in the Bank have been augmented since the same period of 1797, and, if augmented, whether in any material degree, on the ground of the increased magnitude of the balances due from the Bank to the government, is a question into which your committee cannot, from want of documents, particularly enter. They conceive, however, that if an augmentation of the cash and bullion be admitted, it must be considered as principally intended to meet any demand to which the Bank may be exposed by its circulating paper, and especially as a provision for the payment of their one and two pound notes, the circulation of which may cease whenever the Bank shall have resumed its payments in cash.

In the evidence upon this part of the subject, it is admitted, that the notes of the Bank are productive of profit; but it appears to be assumed, that the government balances are only so in proportion as they tend to augment the amount of the notes; whereas

your committee are fully persuaded, that *both balances and notes* are, and must necessarily be productive.

The funds of the Bank, which are the sources of profit, and which constitute the measure of the sum they have to lend, (subject only to a deduction on account of cash and bullion,) may be classed under three heads.

First, The sum received from their proprietors as capital, together with the savings which have been added to it.

Secondly, The sum received from persons keeping cash at the Bank. This sum consists of the balances on the deposit accounts both of government and of individuals. In 1797 this fund, including all the balances of individuals, was only 5,130,140*l*. The present government balances alone have been already stated at between eleven and twelve millions, including bank notes deposited in the Exchequer.

Thirdly, The sum received in return for notes put into circulation. A corresponding value for every note must originally have been given, and the value thus given for notes constitutes one part of the general fund to be lent at interest. A note holder, indeed, does not differ essentially from a person to whom a balance is due. Both are creditors of the Bank, the one holding a note, which is the evidence of the debt due to him, the other having the evidence of an entry in the ledger of the Bank. The sum at all times running at interest will be in exact proportion to the amount of these three funds combined, deduction being made for the value of cash and bullion.

Under the three heads above-mentioned, first, of

capital and savings; secondly, balances of deposit accounts; and, thirdly, notes in circulation: all the sums are stated which the Bank would have to discharge in the event of the winding up of their affairs; and they must of course have assets sufficient and available for this purpose, which assets can only consist of cash and bullion, and securities for money lent.

In whatever degree therefore any one of the three first-mentioned items, namely, capital, deposits, or notes, increase, the other two remaining fixed, in the same degree must the sum running at interest increase, provided the cash and bullion do not vary; and this adaptation of the sum at interest to the amount of the balances, may be presumed to take place without any particular cognizance of the subject by the directors, who make a profitable use of the balances by consenting so far to satisfy the current demands for discount, or by making such loans to government, or buying such number of Exchequer Bills, or other securities, as may suffice to maintain in circulation the accustomed quantity of notes.

It is impossible therefore to admit, that the Bank have no means of placing out at interest the whole of the large sums which constitute the government balances. Those balances are lent at interest, because a demand for loans to this extent cannot fail to arise out of the natural demand for the accustomed quantity of notes. The Bank have no property of any moment lying dead, cash and bullion excepted; they possess indeed property in buildings, but these are stated in the evidence to have been paid for as they were erected, out of their current profits, and constitute no

article in their accounts. Unless therefore they have a sum at interest applicable, together with the cash and bullion, to the purpose of answering the demands of those who have deposits in their hands, they have not assets necessary to satisfy the three classes of claimants which have been mentioned.

Your committee cannot allow the validity of an argument which is to be found in the evidence, against the profit derived from the balances, that the Bank do not wish to enlarge the scale of their business, and that it is their custom to suppress rather than encourage the demand for their notes ; *nor can it be admitted as a general proposition, that their notes form the criterion of their profits.* Since these balances are placed in their hands without interest, and are then lent out at interest, they must unquestionably be considered as enlarging the scale, not merely of their business, but of their profits. *That the amount of notes is one criterion, and is a most important source of their profits is undoubtedly true, but it is equally true that the amount of balance is another ; and although the careful limitation of the circulating paper is an act of prudence,* the balances cannot be considered as affected by such limitation ; nor can it be inferred *from the propriety of limiting the paper,* that there exists any similar occasion for restricting the other branches of the business of the Bank.

The productive quality of the floating balances is confirmed by a statement presented by the Bank itself to the secret Committee of the House of Lords in 1797 (page 132). From thence it appears that the

Bank notes were, on the 25th Feb. 1797 -	£8,640,250
And the "drawing accounts" (or deposit accounts) and "audit roll" (or unclaim- ed dividends, &c.) - - - -	5,140,130
And the "surplus" (or undivided profit) of the Bank, which was of the nature of additional capital - - - -	£826,890
Making together - - - -	<u>£17,597,280</u>

This debit side of the account exhibited the total sum due both to the Bank proprietors and others on the 25th February, 1797, with the exception of 11,686,800*l.* capital lent to government, which was adverted to only at the foot of the statement. The credit side of the account enumerated the effects (amounting to the same sum of 17,597,280*l.*) applicable to the payment of that Debt.

These assets were stated to consist of "advances on government securities," viz. on "land and malt," on "exchequer bills, &c." "Bills discounted, &c." and "cash and bullion." Supposing, therefore, the amount of surplus capital and bank notes on the debit side, and the cash and bullion on the credit side, to continue stationary, the amount of the other articles on the credit side (all of them articles producing interest) must necessarily fluctuate in exact correspondence with every fluctuation of the deposits; and in case another statement, formed in the same manner as that presented in 1797, were now to be made out, the sum of 8,640,250*l.* of notes having been augmented to

16,621,390*l.* and the sum of 5,130,000*l.* of deposits having risen probably to about thirteen or fourteen millions, there would unquestionably be an increase of about sixteen or seventeen millions running at interest to be stated on the other side, deducting whatever may have been added to the cash and bullion since February 1797.

The annual and temporary bonus of five per cent. which the Bank have for some successive years added to their accustomed dividends of seven per cent. and the recent augmentation of their regular dividends to ten per cent. exclusive of property tax; the rise also of the market price of their stock, which having sold in 1800 from 156*l.* to 172*l.* per cent. now sells at 230*l.* are strong circumstances in confirmation of the large increase of their profits. This increase cannot be accounted for by any material augmentation of the advantages derived from the management of their own capital, nor from that part of their business which they transact as bankers to individuals (a part, indeed, at all times comparatively small in its amount); for although the number of persons having accounts open with the Bank, has been lately much increased, the floating balances on those accounts are known to be in general very small, most of the accounts being kept open only for the sake of the opportunity which they afford of borrowing in the way of discount. The extension either of loans to government, or of discounts to the merchants, or of both, is the necessary effect of the augmentation of the government deposits, and it is to the largeness of these deposits that the increased profits ought to be referred."

No. 4.—*Extract from Report of the Committee of Public Expenditure.*—Pages 82 and 83.

“The circumstances attending this negotiation* are related in the evidence of Mr. Thornton, who was at that time Governor of the Bank, and from whom the suggestion of renewing the charter originally came. He states, that the various sources from which the Bank derive profit, in consequence of their exclusive privilege, and of their connexion with Government, were enumerated by Mr. Pitt, who made a claim on the part of the public for a direct participation in the profits according to a fixed proportion; and that the claim, though not admitted in its full extent by himself on the part of the company, was ultimately agreed to; that a calculation was formed upon the basis of such participation, and that the interest of three millions for six years was given to the public as the fair result.

The authority, therefore, of Mr. Pitt, and the consent of the then Governor of the Bank, established a general principle of participation in those profits of the Bank, which arise from their exclusive privilege, and from the balances of public money in their hands, and whether the participation be supposed to be in the fixed proportion of $\frac{1}{4}$, $\frac{1}{3}$, or $\frac{1}{2}$, it cannot fail to be extremely considerable.

In one of the conversations upon this subject, it appears to have been distinctly assumed on one side, and to have been admitted on the other, that the Government balances in the Bank which were drawn from the

* Negotiation for the renewal of charter.

Exchequer (estimated then by Mr. Pitt, as they nearly were, at two millions and an half on an average,) and the growing balances of the commissioners for the sinking fund, were productive of profit, and an expectation is SAID to have been given, that they should not be withdrawn from the Bank without compensation. The productive quality of some of the government balances being admitted, it is not easy to conceive that the Bank have any method, except that of increasing their cash and bullion, of preventing the productive quality of the same balances when enlarged to the extent that they now are, or of other balances which have been added to them.

The circumstance of the Bank gaining a profit by the management of the public Debt, appears to have been in some degree adverted to ; but the propriety of the rate of allowance then subsisting did not come particularly under consideration. The documents necessary to form a correct opinion upon the complicated concerns of this extensive business, were probably not fully before either of the two parties at the time of this agreement ; it is obvious, that they cannot be collected without considerable and detailed investigation, nor digested without industry and attention ; and the pressure of other duties may well account for a want of leisure for so laborious a research at the period of the renewal of the charter.

The other balances of public money do not appear to have entered into Mr. Pitt's calculation, *as they were at that time of trifling amount*, and the probability of any such increase as has actually taken place in the balances drawn from the Exchequer, in consequence of the great augmentation of revenue (an in-

crease from an average sum of $2\frac{1}{2}$ millions to an average sum of 5 or 6 millions) was not adverted to, and can hardly be supposed to have been in contemplation.

Supposing all the suggestions which your Committee have made with a view of diminishing the balances in the Bank to be adopted, the amount of balances still remaining will probably more than double the amount of those which existed in 1800, or which could then be contemplated as likely to exist at this time; and, therefore, if the intention of Mr. Pitt not to withdraw the balances of Exchequer money, or those arising from the accumulation of the then existing sinking fund, without compensation, should be adhered to, that intention will not be frustrated; the unexpected enlargement of the same balances, and the addition of so many others, forming much more than the compensation in question.

Thirdly. The last agreement with the Bank which it will be necessary to notice, was in 1806, 46 Geo. III. c. 41. when the three millions, which ought to have been repaid on the 5th of April, were continued as a loan to the public until six months after the ratification of a definitive treaty of peace, at an interest of 3l. per cent. *which is to be considered as a gift of 60,000l. per annum, so long as the war continues.* Whether this bargain was concluded upon an examination sufficiently comprehensive of the general situation of the Bank is not now the question; *but the transaction is most material in another view, as it evinces that the agreement made in 1800 was not considered, either by those who acted upon the part of the public, nor by the Bank Directors themselves, as a bar against further participation, whenever the increase of their profits*

derived from the public, and the circumstances of public affairs, might, upon similar principles, make such a claim reasonable and expedient."

No. 5.—*Extract from Report of the Committee of Public Expenditure.*—Page 107.

Evidence of BEESTON LONG, *Esq. Governor of the Bank, and* BENJAMIN WINTHROP, *Esq.*

"Has there not been a recent augmentation of the balances of the public accountants in the hands of the Bank, in consequence of late Acts of Parliament, and has there been any compensation made to the public by the Bank for such increased advantages?—Most probably there has been an increase under the authority of the bills passed last session, and other regulations; *but these circumstances were fully considered when the Bank agreed to continue the advance of three millions on the charter bills at the rate of 3l. per centum per annum during the war.*"

No. 6.—*Extract as above.*—Page 102.

BEESTON LONG, *Esq. and* Sir BROOK WATSON, *Bart. examined.*

"Be pleased to explain what is meant by the drawing accounts?—The drawing accounts are the accounts of all persons lodging cash at the Bank, and that draw for it; the audit roll is the balance of the cash in the hands of the Bank for the payment of dividends; *the*

exchequer bills deposited are for the amount of public money paid in at the Exchequer, and lodged afterwards at the Bank, as the forms of the exchequer require that either exchequer bills or bank notes should be deposited there, as collateral security for the DAILY balance of public money lodged at the Bank.

Does the Bank keep any distinct account of dividends, which have been long unclaimed?—No such account is kept, it is all included in the audit roll.

When were the names of persons entitled to dividends last published?—I believe about the year 1805.

To whose profit does the interest on the exchequer bills deposited in the exchequer accrue?—*For the profit of the Bank*; the account which the exchequer is in fact in the nature of every other drawing account, though the forms of the exchequer require that exchequer bills, or bank notes, should be deposited as a collateral security.

In your transactions with Government, what portion of the balances which the Bank have in their possession do you consider as available to any purposes of benefit or advantage to the Bank?—It is available with the other assets of the Bank.

Do you not include in the conduct of your general banking business the balances of public money as well as the deposits of individuals?—To a certain degree, but not to any great avail.

Have the balances of the public money in the hands of the Bank tended to increase or diminish the general value of circulating Bank paper?—I do not think it has, as, on the 7th February 1795, 12,870,500*l.* bank notes of 5*l.* and upwards were issued; and on the

1st of February 1807, 12,333,430*l.* were issued, exclusive of one and two pound notes, which have been substituted since the restriction of the Bank as the issue of cash.

Are these balances more available in times of peace than in time of war?—No doubt they are.

Do you in the time of peace consider the balances as available towards the banking concerns of the company?—I have stated that they are.

State the reasons?—The credits being much larger both to Government and individuals in time of war than in time of peace, the balances are not of so much advantage to the Bank.

Must not the advantage which may be derived to the Bank depend upon the average amount of balances in time of war as well as in time of peace?—Not in my opinion.

Do you know the amount of balances of public money on 5th January in the hands of the Bank?—I cannot tell without reference to the books.

Do you conceive that the public balances in the hands of the Bank were taken into consideration when the charter was renewed in 1800?—Both the balances of public money in the hands of the Bank, as well as the sum paid for the management of the debt, was fully considered."

No. 7.—*Extract from Report of the Committee of Public Expenditure.*—Pages 103, 104, 105, 106.

“ Veneris 10^o, die Julii, 1807.

SAMUEL THORNTON, Esq. a Member of the House,
examined.

Were you Governor of the Bank at the time of the renewal of the bank charter?—I was.

Be pleased to state to the Committee such circumstances relating to that transaction, in your conversations with Mr. Pitt, as you think fit to be disclosed?—

The transaction originated in the first instance in a suggestion on my part, that, owing to the depressed state of the public credit, and consequent disadvantageous terms on which public loans could then only be made, a mutual advantage might be derived to the public and the Bank, by instituting a treaty for the renewal of its charter at the expiration of the then existing term, which had a continuance of twelve years. Considering that the whole circulation of the country rested upon the solidity, and, in my opinion, on the duration of the bank charter, I thought it an object that ought not to be left until near the expiration of its term, even if peculiar advantages had not been to be derived by the public from the negotiation being instituted at that time: I understand further, that every preceding renewal had taken place several years before the termination of the existing term for which the charter had been granted: the then Chancellor of the Exchequer took some months to consider the pro-

posal, and had afterwards several conversations with Mr. Giles, the gentleman who preceded me in the chair, and myself, from which the terms on which the renewal ultimately took place, were finally settled.

On what basis were the terms founded?—Mr. Pitt enumerated the various grounds from which the Bank derive profit, in consequence of its exclusive privilege of banking as a corporate body; and, he claimed on the part of the public, a pecuniary consideration, proportioned to the value of a certain proportion of the then existing profits, as the profits arose among other things from public money lodged in the Bank to pay the growing dividends, and also from the quarterly issue of money for the redemption of the National Debt; which latter sum, Mr. Pitt estimated might, during the progress of the charter, accumulate to 4,000,000*l.* a quarter; it was agreed that the Bank should not be deprived of either of these benefits, without receiving an adequate compensation.

Did Mr. Pitt's claim for the public, of the participation of that proportion of the profits of the Bank, appear reasonable, or was it objected to by you?—It was not immediately acceded to, not being supposed to have been the ground on which the price of any former renewal of the charter had been settled; but, after many conversations, and the mode of payment being fixed by the loan of a principal sum for a term of years, without interest, instead of the immediate payment of a lesser sum, it was ultimately agreed to.

Was the calculation of the sum to be lent as a payment for the renewal of the charter, calculated upon Mr. Pitt's claim of receiving that proportion of the profits made by the Bank, in consequence of their ex-

clusive charter?—It was made in the following manner: after enumerating the profits in question as fairly as we could, a calculation was made of the value of the proportion of such profits, or of an annuity of that amount, for a term of twenty years, to commence at the expiration of a preceding term of twelve years. The final settlement was, to lend the principal sum of 3,000,000*l.* without interest, for six years, producing a profit of 9,000,000*l.*; but at the then price of annuities, it was worth only 750,000*l.* reckoning 5*l.* per cent. interest of money.

At what rate of interest were the profits made by the Bank calculated?—At 5*l.* per cent.

Were the balances of public money in the various departments of government, lodged in the Bank, taken into this calculation of the profits?—*I am not aware that any were, except the two I have enumerated, AS THE OTHER PUBLIC ACCOUNTS WERE AT THAT TIME OF TRIFLING AMOUNT.*

Was the probable or possible augmentation of the money lodged in the Exchequer, chiefly for the payment of dividends from which the Bank derives a profit, taken into the account?—An estimate was taken of the then amount, and fluctuations were allowed for; but I cannot say that any very great augmentation was particularly adverted to or provided for; but I conceive that, in an agreement of this nature, with the stipulation I have already mentioned, neither party can well advert to such agreement or diminution.

Do you recollect at about what average the amount of this money in the Exchequer was then estimated?—Upon a quarterly issue of 5,000,000*l.* for the divi-

dends, which would leave an average balance from that source of *two millions and an half* in the possession of the Bank.

Was the probable augmentation of the balances of public money, from the various departments of Government, taken into the account?—The then existing amount was then considered, but no means being taken to compel the payment of public money into the Bank, I cannot say a future augmentation of this item was considered.

Are not the Bank profits very considerably increased by the augmentation of those balances since 1800?—*I do not think they are*, as the Bank's issue of its paper has not increased in consequence of such balances.

Do you think that an increased issue of Bank paper must necessarily be the consequence of any increase of profit to the Bank?—It is the best criterion of it that I know, and the issue of the paper must be governed by the demands of the public, which the Directors endeavour to suppress rather than to encourage.

The quantity of bank paper which can be maintained in circulation being governed by the demand of the public, in what manner do you conceive that the profits of the Bank are measured by the same standard?—Because the Bank gives its paper for every thing it receives an interest or profit upon.

Do they receive interest or profit in no other way than by increasing the issue of their paper?—They certainly do; and, among others, for the management of the public Debt, by buying and selling bullion, and other sources not necessary to be enumerated.

Upon what grounds do you suppose that such ba-

lances are not available in point of profit to the Bank?—Because its means and resources without them are equal to the whole business which they have done in times past; there may be periods in which the possession of these balances may be of advantage to the affairs of the Bank, and enable them to keep up a circulation of notes, which they may otherwise not think it right to do.

Would it be no detriment to the affairs of the Bank, if those balances were now withdrawn from them?—*Speaking individually, I should wish to preserve them; but I know it to be the opinion of others, that the retaining them is not of great importance.*

According to what principle do you distinguish these balances of public money from those other two balances, from which it is admitted that the Bank derives profit?—The only distinction of which I am aware, is, that the Bank had established their business on the possession of the former balances, and have not found it expedient to increase it, in consequence of the public accounts being since brought to them; nor do I suppose that they could rely on the latter with the same certainty as they have been able to do *on the Redemption Fund and dividend money.*

Upon what principle did you assume, that the government balances from the Exchequer were sources of profit to the Bank, at the time you made the arrangement with Mr. Pitt?—Being assets regularly in the possession of the Bank, they were considered as intermixed with the other funds upon which they traded.

Are the balances in question not also intermixed with the same funds?—*I cannot suppose but they are :*

but as I have already stated, *they are not necessary* to the present business carried on by the Bank, as there has been no increase in it since the possession of them.

In what shape do these balances come into the Bank?—I presume chiefly in bank notes, for which the amount is kept up by a correspondent issue on other securities.

Are those bank notes so paid in locked up, or cancelled, or kept distinct from the other funds of the Bank?—*Immediately cancelled.*

Is not a corresponding issue made upon other securities?—If the public demand requires it, as it most commonly does, and unexceptionable securities be offered, a corresponding issue does take place.

Does not interest accrue upon such securities?—It does.

If the corresponding issues are made upon other securities, in consequence of such balances being lodged in the Bank, and interest accrues upon such securities, how can it be affirmed that an increase of profit does not accrue to the Bank in consequence of the balances?—Because it is immaterial to the Bank, whether its notes are circulated upon one account or another; and, if the bank notes which are brought in for the payment of public balances were kept out in circulation, the same profit would arise as upon their issue on new securities.

Has there not been, since the renewal of the charter, a considerable increase of the dividend or bonus upon bank stock?—The Bank, antecedent to the year 1797, did not apportion their profits among the proprietors beyond the established dividend, deeming it expedient to raise a considerable sum to answer any deficiency.

or loss, as their capital was lent to government, and not within their reach ; since the sum so reserved has risen to an amount which the Directors think necessary for these purposes, they have divided the profits more liberally among the proprietors.

Have their annual profits increased considerably since the renewal of the charter ?—The amount of the annual profits of the Bank has been a secret confided to the Directors from its institution ; and, as the proprietors have thought it for their interest never to call for the accounts, or investigate this point, I hope I shall be excused answering this question.

Was the profit derived from the Bank, for the management of the Public Debt, taken into consideration at the time of the renewal of the charter ?—The rate of allowance of management for the Public Debt was revised and settled in 1786, and being thought to be fixed on fair considerations, *it was mentioned by Mr. Pitt, BUT NOT PARTICULARLY TAKEN INTO THE ACCOUNT.*

It is not a rule applicable to all banking and mercantile concerns, that as the scale of business increased, the rate of commission can be afforded to be diminished ?—I believe not an invariable rule, and that merchants seldom reduce their commissions in consequence of the extent of business ; but in a matter between the public and the Bank, I am sure nothing but a fair compensation for trouble, risk, and actual losses, and the great responsibility that attaches to the office, would be required ; I flatter myself I may be allowed to say, that the facility to the public creditors, and accuracy with which this business has been conducted, has materially assisted in the rate of interest at which

the public loans have been raised ; in proof of which, I have been told, that a public loan attempted to be raised, for which the interest was to be paid at the Exchequer, entirely failed.

Does it appear reasonable to you, that the same commission should be paid upon managing a Debt of 250,000,000*l.* and of 500,000,000*l.*?—I will not take upon me to say whether some reduction might not be afforded; but I am of opinion it cannot be fixed rateably according to the amount of Debt; and were that principle adopted, the Committee must be aware, that the rate of allowance must again be increased when the Debt is diminished.

When you were Governor of the Bank, was there any practice which prevented the officers of the Bank from making known to the departments of Government lodging money in their hands, what sums were paid to their account?—There may have been a practice of requiring private customers to claim monies paid in on their account, but from a public body I should not have required it when I was Governor.

Are you aware of any convenience that would result to the Bank by adopting this practice with regard to public monies?—No other than that, in the hurry of business, it is possible to place a sum to a wrong account; but as a mistake of this nature would be easily rectified, I see no reason for adhering to the practice with public bodies.

WITHDREW."

No. 8.—*Extract from Papers presented to the House of Commons, relating to the Bank, being Correspondence between Government and the Bank; ordered to be printed 3d. February 1808.—Letter from Mr. PERCEVAL to the Bank, page 5.*

“BALANCES arising from Deposits of Public Money in the hands of the Bank.

The facts as to the amount of these Balances, as stated in the report of the Committee, can admit of no difference of opinion; and it appears not impossible that the Bank may, upon further consideration, be induced to concur in the inferences drawn from those facts, with respect to the profit arising from such Balances, unless, whilst it is candidly admitted on the part of the Bank, “ That the amount of *Public* “ *Balances deposited at the Bank is always followed by* “ *a corresponding issue of its paper; and that the Bank* “ *derives an interest or profit from every issue of such* “ *paper,* the Bank should, at the same time, be prepared to shew that *gratuitous* deposits of public Balances, or, in other words, bank notes withdrawn from circulation and returned to the Bank, without, at the same time, *withdrawing from thence the security, or terminating the interest* upon which they were originally issued, and which notes so withdrawn, are replaced in the circulation by a corresponding issue of *new notes* upon *new securities*, bearing *new interests*, do not afford profit in an exact proportion to the combined amount of these new issues, and of the rate of interest on these new securities.”

No. 9.—*Extract from same Correspondence, page 6.*
 —Mr. PERCEVAL to the Bank.

“If, however, the Bank should not, upon reconsideration, feel the truth and accuracy of the conclusions drawn by the Committee, respecting the advantages derived from the use of the public Balances, and should continue of opinion that they are not productive of profit to them, upon which supposition, the Bank can have no objection to a plan which would give to the public the advantage of making use of those Balances without interest, instead of paying interest for money to a similar amount.”

No. 10.—*Extract from same Correspondence.*—
 Page 9.

“*Copy of a Paper communicated to the Chancellor of the Exchequer by the Governors and Deputy Governor of the Bank; in reply to his Letter and Proposals of the 23d. December 1807.*

The Committee, having taken into consideration the proposals suggested by the Chancellor of the Exchequer, beg leave to return the following answer and observations :

They are of opinion, that a farther advance, to the extent of 500,000*l.* on account of the unclaimed dividends, may be acceded to on the part of the Bank, on similar conditions with the former advance.

The Committee, *ever anxious to promote the interest of the Public*, as well as of their proprietors, are of opinion, that a reduction on the rate of management of the National Debt, as proposed by the Chancellor of the Exchequer, may, with some modifications of **no** very great moment, be consented to on the part of the Bank.

In regard to the large sums of public money of the Exchequer, and the Balances of the public drawing accounts in the hands of the Bank; these, however, considerable at particular periods, must necessarily, always be of an uncertain and fluctuating amount; for which reason, and for others continually operating in the great scale of their business of their banking, *the Committee deem it impossible to ascertain, with any degree of precision, the profits that may be made, arising from the employment of those balances.* But, on all accounts they are of opinion, that it would be highly imprudent for the Bank to make an advance to Government in the way of loan of a capital sum of money equal to one half of their presumed amount, even with the deductions proposed."

No. 11.—*Extract from same Correspondence.*—

Page 11.—Mr. PERCEVAL to the Bank.

"3dly. With respect to the public Balances; although I have not been so fortunate in the several conferences which we have had upon the subject, as wholly to convince you, that the advantages derived to the Bank from the deposit of those balances, must be in proportion to their average amount, I am not less firmly convinced in my own judgment of the truth and accuracy of this position."

No. 12.—*Extract from same Correspondence.*—Page 13.—*Being Resolutions of the Court of Directors.*

“ Resolved,

That the Court of Directors do accede to the proposal of the Chancellor of the Exchequer, to lend, for the use of Government, 3,000,000*l.* on Exchequer Bills, without interest, during the war; provided it is stipulated to be returned within six months after the ratification of a treaty of peace, *and under the complete understanding that all transactions between the public and the Bank shall be continued in the accustomed manner, even though the amount of public balances should exceed the sum of ten millions.*”

No. II.

MANAGEMENT OF PUBLIC DEBT.

No. 13.—(*Extract from same Correspondence.*—Pages 4 and 5.—Mr. PERCEVAL to the Bank.

“ Referring upon this part of the subject, on the one hand, to the facts stated in the Report; and, on the other, to the provisions of the Act of 1791, cap. 33. and of 1800, cap. 28. without feeling it necessary, in this stage of the business, and in this proposal, to advert in detail to the one, or to discuss the other,—it is conceived that the following Scale and Plan of Allowance for the management of the Public Debt, would lead to an arrangement, under all circum-

stances, liberal towards the Bank, and equitable towards the public.

Taking the Debt unredeemed, as it stood on the 5th of January last,* at upwards of 550,000,000*l.* it is proposed to reduce the charge of management upon it from 450*l.* to 340*l.* per million; and that all additions made to the Debt above 550,000,000*l.* shall be managed at the rate of 300*l.* per million. On the other hand, it is proposed, that, in the event of the unredeemed Debt being at any time reduced to 400,000,000*l.* the rate of allowance shall then be raised to 400*l.* per million; and, at or below 300,000,000*l.*, to 450*l.*, its present rate, per million.

When it is considered, that, in the year 1786, it was proposed to reduce the management upon a Debt of 224 millions only, from 560*l.* to 360*l.* per million, and that it was actually reduced to 450*l.*; and that it is now proposed to apply this last rate of allowance to a Debt of 300 millions, instead of 224,—it will hardly be contended, that, with reference to the principle only of the projected scale, the proposal contains any thing unfair towards the Bank; while it is evident, that it in no degree departs from the liberal principle upon which government was at that time disposed to act. It must also be recollected, that, in the year 1786, when the reduction in the management took place, from 560*l.* to 450*l.* per million, the country was in profound peace, with every prospect of its long continuance, and with a sinking fund established for the gradual extinction of the then Debt; consequently, that the prospect of the yearly diminution of the

* January, 1807.

Debt was probably taken into consideration when the allowance was fixed at 450*l.*; and, though we have no records upon the subject, it appears not unlikely that it was the prospect of this diminution, which induced the minister to allow 450*l.* per million, instead of 360*l.* which had been computed to be fully sufficient upon a Debt of that magnitude, and strongly recommended by the commissioners for auditing the public accounts—upon whose report of the 18th January, 1786, the reduction appears to have been proposed. In point of fact, a considerable reduction in the allowance for management must have taken place between 1786 and 1793, since which last period the pressure of war upon the country has increased the Debt in a proportion exceeding that of *five to two*, without any diminution being effected in the rate of management. To this it is hardly necessary to add, that, if a decreasing Debt of 224 millions, in 1786, could bear a reduction of 110*l.* per million, it can scarcely be considered a hardship if a further reduction to the same amount is made in 1808, upon a debt of 550 millions, still annually increasing in amount with the protracted difficulties of the country; especially as the reduction is accompanied with a security to the Bank against the contingent, but, it is to be feared, distant prospect of its reduction, below certain stated amounts. To this view of the subject must be added the sum of 80*l.* 15*s.* 10*d.* per million, for receiving the subscriptions to the Loan,—a source of considerable annual advantage in time of war, and always in proportion to the annual increase of Debt by such Loan; by which increase the more permanent allowance for management is also so much augmented. Upon the suppo-

sition of the above scale being adopted, no alteration is proposed to be made in the above allowance."

No. 14.—*Extract from same Correspondence.*—Page 13.—"*Copy of a PAPER, intitled, 'RESOLUTIONS of the Court of Directors.'*"

Resolved, 14th January, 1808:

That the proposal of the Chancellor of the Exchequer, to take 500,000*l.* from the unclaimed dividends, in addition to the former sum of 376,739*l.* be acceded to by this court.

Resolved,

That in respect to the rate of management, the following scale be proposed :

On 600 millions at 340*l.* per million.

13 ditto - 300*l.* ditto.

400 ditto - 450*l.* ditto.

300 ditto - 500*l.* ditto."

No. 15.—*Extract from same Correspondence.*—Page 13.—"*Copy of a LETTER from the Chancellor of the Exchequer, to the Governor and Deputy Governor of the Bank.*"

Downing-street, 15th January, 1808.

Gentlemen,

The liberal disposition which has been manifested by the Court of Directors, to concur in the principal arrangements which I have thought it my duty to suggest for their consideration, has afforded me great satisfaction.

While I feel convinced that my proposal has not

lost sight of the public interest, the manner in which it has been received by the Bank confirms me in thinking, that it has not proceeded without a due consideration also of the fair and reasonable interests and expectation of that respectable Corporation. *Under this impression, I am strongly inclined to give way to the suggestions of the Bank in the minor parts of the arrangement, and will therefore accede to the scale of allowances therein proposed for the management of the public Debt, SO FAR AS IT APPLIES TO PRESENT CIRCUMSTANCES, OR TO SUCH AS CAN BE EXPECTED TO OCCUR WITHIN ANY SHORT PERIOD."*

No. III.

MISCELLANEOUS.

No. 16.—*Extract from Fourteenth Report from Select Committee on Finance, ordered to be printed 19th July, 1797.—Page 22.*

" Bank of England, May 20, 1797.

An account of the original allowance by the public to the Governor and Company of the Bank of England, and of the recompence to the Governor, Deputy Governor, and Directors, for their pains and attendance on the affairs of the Bank ; and how granted ; and also of the sum annually paid to the Bank, in consequence of their having purchased from the South Sea Company 4,000,000 of their capital : neither of

which sums were included in the sum of 137,189*l.* 4*s.* 1*d.* mentioned in the return to the Honourable the Select Committee on Finance, &c. upon the 15th instant.

There are no sums annually paid by the public to the Governor, Deputy Governor, and Directors of the Bank of England, as a recompence for their pains and attendance on the affairs of the Bank. In the original act of the 5th of William and Mary, by which the Bank was established, there was an annual fund of 100,000*l.* made payable to the Corporation of the Bank; which was understood to be 96,000*l.* for interest on 1,200,000*l.* at 8*l.* per cent. and 4,000*l.* towards *the expenses of the house*: which latter sum was not included in the sum of 137,189*l.* 4*s.* 1*d.* mentioned in the return to the Honourable the Select Committee of Finance, &c. on the 15th instant. This interest of 8*l.* per cent. has since, by subsequent advances of capital, been reduced to 3*l.* per cent. and the other sum of 4,000*l.* has continued to be paid according to the stipulation. But the Governor, Deputy Governor, and Directors, receive no other pay or emolument than the following allowances:

To the Governor	- 200 <i>l.</i>	} per annum.
To Deputy Governor	200 <i>l.</i>	
And each Director	150 <i>l.</i>	

which were originally granted by a General Court of Proprietors, on the 25th of April, 1695, and afterwards confirmed by a bye law.

The Bank receives annually from the public 1,898*l.* 3*s.* 4*d.* in consequence of their having purchased 4,000,000*l.* capital from the South Sea Company, being the allowance originally made to the said Company for the management thereof, which, *it is presumed*, was a consideration in the purchase; but the said sum of 1,898*l.* 3*s.* 4*d.* was not included in the sum of 137,189*l.* 4*s.* 1*d.* mentioned in the return made to the Honourable the Select Committee on Finance, &c. upon the 15th instant.

A. NEWLAND, Chief Cashier."

No. 17.—Extract from Report of the Committee of Public Expenditure.—Pages 79 and 80.

"The balances in the Bank, under the third head, of unclaimed dividends, appear to your committee to admit of reduction. These balances have been already represented as less by 376,739*l.* than the gross amount at which they are given by the Bank, because in consequence of the act passed in 1791, c. 33, that sum remains in the possession of the public out of the 500,000*l.* advanced nominally by the Bank, but really taken out of the unclaimed dividends, which were then, for the first time, brought under the notice of parliament, and made applicable to the public service. It seems to have been an unintentional omission in framing that statute, that no provision was made for making up deficiencies to the public, as well as to the Bank,

whenever the whole sum of such unclaimed dividends might rise above, as well as whenever it should fall below the stipulated amount of 600,000*l.*; and if it should be judged expedient to continue and pursue the principle of that act, it should be amended with a view to this object; and the usual amount of unclaimed dividends being ascertained, it may be fit to apply to the public service according to the same regulations, whatever may probably be the surplus above the 100,000*l.* which was intended at all times to remain in the Bank. The sum, which on the score of those dividends, may be now applied to the public service, is certainly not less than 423,261*l.* in addition to the 376,739*l.* making in all 800,000*l.* The unclaimed dividends in the hands of the Bank amounted at that period of the year 1806, at which they were the lowest, namely, on the 8th July, to 986,573*l.* and at the lowest period of some antecedent years they have not fallen below 900,000*l.*”

No. 18.—*Extract from Report of the Committee of Public Expenditure. Page 103.*

“ Martis, 21^o die Julii, 1807.

BEESTON LONG, *Esq. Governor of the Bank, examined.*

In the account sent from the Bank of the management of the public Debt, are the sums of 4,000*l.* towards the expenses of the House, and of 1,898*l.* 3*s.* 4*d.* on account of 4,000,000*l.* capital of the South Sea Company included or excluded?—Those sums are not included.

Are the imperial funds managed at a higher rate than the public Debt of Great Britain?—They are managed at the same rate.”

No. 19.—*Extract as above.*—Page 100.

“ The property tax has been paid by the Bank, since it was chargeable on the funds.

The Bank proprietors have received, in addition to their usual dividends of 7 per cent, the following bonuses :—

In June 1799	- -	10	p. ct. - in -	5 p. cts. 1797.
May 1801	- -	5	p. ct. - in -	navy 5 p. cts.
Nov. 1802	- -	2½	p. ct. - in -	ditto.
Oct. 1804	- -	5	p. ct. - in -	cash.
Oct. 1805	- -	5	p. ct. - increase of	dividend.
Oct. 1806	- -	5	p. ct. - increase of	dividend.
April 1807	- -		permanent increase from 7 to	10 p. ct. p. ann.”

No. 20.—*Extract from Papers presented, relating to the Bank, &c. ; Letter from Mr. PERCEVAL to the Bank.*— Page 11.

“ I have only further to propose on this part of the subject, that the 4,000*l.* paid to the Bank by the Exchequer, under the denomination of “ House Money,” should be discontinued; but it is not my intention, if the above proposals are acceded to, to suggest any alteration in the established rate of allowance for receiving contributions to the loan or to the lottery.”

No. 21.—*Extract from "Correspondance with Bank."*
Ordered to be printed 10th Feb. 1815.—Page 1.

*"Copy of a letter from the Chancellor of the Exchequer to the Governor and Deputy Governor of the Bank of England; relative to continuing the loan of 3,000,000*l.* to 5th April, 1816, without interest.*

Downing-street, November 22, 1814.

Gentlemen,

I beg leave to call your attention to the Act 48 Geo. III. cap. 3; by which it appears that the sum of 3,000,000*l.* advanced to the public under the authority of that Act, will become payable to the Bank on the 17th December next. As the principle, however, upon which that advance was made continues in full force, *and the public balances deposited with the Bank, in consideration of which its amount was regulated, remain, undiminished* I consider it to be my duty towards the public, and equitable towards the Bank of England, to propose to your Court, that a new Bill should be submitted to Parliament, to authorize the continuance of the loan in question, without interest, until the 5th April 1816. I have proposed this time, conceiving, that under the present circumstances of the country, it may be thought desirable to fix a definitive period when this subject may be again brought under review: but I beg to be distinctly understood, as not departing from the reservation made by the late Mr. Perceval, in his letter to the Governor and Deputy Governor of the Bank, of the 11th January

1808, by which he guarded against the possibility of any misconstruction which could preclude the public, after the expiration of the period of the loan then agreed upon, *from asserting its title to future advantages from the continuance or increase of such deposits ; and as adhering generally to the principles maintained by Mr. Perceval, in the discussions which then took place.* You will allow me to add, that it is desirable that this proposition should be brought under the consideration of your Court as early as may suit their convenience.

I have the honour to be,

Gentlemen,

Your obedient Servant,

(Signed) N. VANSITTART.

To

The Governor and Deputy
Governor of the Bank
of England."

No. 22.—*Resolutions proposed by Mr. GRENFELL, concerning Bank of England.*

I.—That it appears, that there was paid by the public to the Bank of England, for managing the National Debt, including the charge for contributions on loans and lotteries, in the year ending 5th of July, 1792, the sum of 99,803*l.* 12*s.* 5*d.*; and that there was

paid for the like service, in the year ending 5th April, 1815, the sum of 281,568*l.* 6*s.* 11½*d.*; being an increase of 181,764*l.* 14*s.* 6½*d.* In addition to which, the Bank of England have charged at the rate of 1250*l.* per million on the amount of property duty received at the Bank on profits arising from professions, trades, and offices.

2. That the total amount of bank notes, and bank post bills, in circulation in the years 1795 and 1796 (the latter being the year previous to the restriction on cash payments), and in the year 1814, was as follows:

1795, -- 1st Feb. --	£12,735,520; -- & 1st August -	£11,214,000.
1796, -- 1st - do. --	£10,784,740; -- & 1st -- do. --	£ 9,856,110.
1814, -- 1st - do. --	£25,154,950; -- & 1st -- do. --	£28,802,450.

3.—That at present, and during many years past, more particularly since the year 1806, considerable sums of public money, forming together an average stationary balance amounting to many millions, have been deposited with, or otherwise placed in the custody of the Bank of England, acting in this respect as the bankers of the public.

4.—That it appears, from a report ordered to be printed 10th August, 1807, from “the Committee on the Public Expenditure of the United Kingdom,” that the aggregate amount of balances and deposits of public money in the hands of the Bank of England, including bank notes deposited in the Exchequer, made up in four different periods of the quarter ending 5th January 1807, fluctuated betwixt the sums - - -

Vide Report,
pages 74 & 75. { of £ 11,461,200 } including bank notes deposited in
& 12,198,236 } the chests of the Exchequer;

or,
£ 8,178,536 } excluding bank notes deposited
& 9,948,400 } at the exchequer.

5.—That the aggregate amount of such deposits, together with the Exchequer Bills and bank notes deposited in the chests of the Four Tellers of the Exchequer, was on an average, in the year 1814,

£ 11,966,371; including bank notes deposited at the
Exchequer, amounting to £642,264:

or,

£ 11,324,107; excluding bank notes deposited at the
Exchequer.

6.—That it appears, that this aggregate amount of deposits, together with such portions of the amount of bank notes and bank post bills in circulation as may have been invested by the Bank in securities bearing interest, was productive, during the same period, of interest and profit to the Bank of England.

7.—That the only participation hitherto enjoyed by the public, since the year 1806, in the profits thus made on such deposits by the Bank, has consisted in a loan of three millions, advanced to the public by the Bank, by the 46 Geo. III. cap. 41, bearing 3 per cent. interest; which loan was discharged in December 1814. And in another loan of three millions, advanced to the public by the Bank, by the 48 Geo. III. cap. 3, free of any charge of interest; which loan became payable in December 1814, but has, by an Act of the present session of Parliament, cap. 16, been continued to the 5th of April 1816.

8.—That this House will take into early consideration the advantages derived by the Bank, as well from the management of the National Debt, as from the amount of balances of public money remaining in their hands, with the view to the adoption of such an arrangement, when the engagements now subsisting shall have expired, as may be consistent with what is due to the interests of the public, and to the rights, credit, and stability, of the Bank of England.

13th June 1815.

No. 23.—*Resolutions proposed by Mr. MELLISH, the Governor of the Bank, concerning the Bank of England.*

1.—That by the Act of 31 Geo. III. cap. 33, there was allowed to the Bank of England, for the management of the public Debt, 450*l.* per million on the capital stock transferrable at the Bank, amounting in the year ending 5th July 1792, to 98,803*l.* 12*s.* 5*d.* on about 219,596,000*l.* then so transferrable; and that by the Act 48 Geo. III. cap. 4, the said allowance was reduced to the rate of 340*l.* per million on all sums not exceeding 600 millions, and to 300*l.* per million on all sums exceeding that amount, whereby the Bank was entitled, in the year ending 5th April 1815, to the sum of 241,971*l.* 4*s.* 2½*d.* on about 726,570,700*l.* capital stock, and 798*l.* 3*s.* 7*d.* on 2,347,588*l.* 3 per cents. transferred for life annuities, being an increase of 143,965*l.* 15*s.* 4½*d.* for management, and an increase of about 509,322,000*l.* capital stock: also the Bank was allowed 1,000*l.* for taking in contributions, amounting to 812,500*l.* on a lottery in the year ending 5th July 1792; and 38,796*l.* 19*s.* 2*d.* for taking in con-

tributions, amounting to 46,585,533*l.* 6*s.* 8*d.* on loans and lotteries in the year ending 5th April 1815.

2.—That it appears, that the Bank, in pursuance of the Act 46 Geo. III. cap. 65, has, from the year 1806 to the present time, made the assessments of the duty on profits arising from property, on the proprietors of the whole of the funded Debt, transferrable at the Bank of England, and has deducted the said duty from each of the several dividend warrants, which in one year, ending 5th April 1815, amounted in number to 565,600; and that this part of the business has been done without any expense to, or charge on, the public.

That in pursuance of the above-mentioned Act, the duties so deducted have from time to time been placed to the "Account of the Commissioners of the Treasury, on account of the said duties," together with other sums received from the public by virtue of the said Act: part of this money is applied to the payment of certificates of allowances, and the remainder is paid into the Exchequer.

That by virtue of the said Act, the Lords Commissioners of the Treasury have made annual allowances, at the rate of 1,250*l.* per million, upon the amount so placed to the account of the Commissioners of the Treasury at the Bank of England, as a compensation for receiving, paying, and accounting for the same; which allowances, however, have not in any one year exceeded the sum of 3,480*l.* and upon an average of eight years have amounted annually to 3,154*l.* only.

The amount of duties received for the year ending 5th April 1814, was 2,784,343*l.* which, if it had been

collected in the usual manner, at an allowance of 5*d.* per £ would have cost the public 58,007*l.*; and the cost for collecting 20,188,293*l.* being the whole of the duty received from 1806 to 1814, on which allowances have been made, would at the same rate have amounted to 420,589*l.*

That all monies received by the Bank, on account of duties on property, are paid into the Exchequer immediately after the receipt thereof: when this circumstance is contrasted with the ordinary progress of monies into the Exchequer, the advantage resulting to the public may be fairly estimated at 2*l.* per cent.; which, on the amount of duties for the year ending 5th April 1814, would be 55,686*l.* and on the total amount from 1800 to 1814, would be 403,765.

3.—That the total amount of Bank notes and Bank post bills in circulation in the years 1795, and 1796, (the latter being the year previous to the restriction on cash payments) and in the year 1814, was as follows:

1795, - 1 st February - -	12,735,520 <i>l.</i> ; - -	1 st August, -	11,214,000 <i>l.</i>
1796, - 1 st - D ^o - - - -	10,784,740 <i>l.</i> : - -	1 st - D ^o - -	9,856,110 <i>l.</i>
1814, - 1 st - D ^o - - - -	25,154,950 <i>l.</i> ; - -	1 st - D ^o - -	28,802,450 <i>l.</i>

4.—That at present, and during many years past, both before and since the renewal of the charter of the Bank, considerable sums of the public money have been deposited with, or otherwise placed in the custody of the governor and company of the Bank of England, who act in this respect as the Banker of the public. The average balances of these deposits, both before and after the renewal of the charter, were as follows:

Public balances on an average of one year			
ending the 15th January 1800	-	-	1,724,747 <i>l</i> .
Unclaimed dividends for the average of			
one year ending 1 Jan. 1800	-	-	837,966 <i>l</i> .
			<hr/>
			2,562,713 <i>l</i> .
			<hr/>

Public balances on an average of eight			
years, from 1807 to 1815	-	-	4,375,405 <i>l</i> .
Unclaimed dividends	-	Do.	634,614 <i>l</i> .
			<hr/>
			5,010,019 <i>l</i> .
			<hr/>

5.—That it appears, from a Report ordered to be printed 10th August, 1807, from “the committee on public expenditure of the United Kingdom,” that the aggregate amount of the balances and deposits of public money in the Bank of England, including bank notes deposited in the Exchequer, made up in four different periods of the quarter ending 5th January, 1807, fluctuated between the sums of 11,461,200*l*. and 12,198,236*l*.; or, excluding Bank notes deposited at the Exchequer, the amount fluctuated between 8,178,536*l*. and 9,948,400*l*.; the reason for which exclusion is not obvious, as by the act of 48 Geo. III. cap. 3. the tellers of the Exchequer are authorized to take as securities on monies lodged, either Exchequer bills, or notes of the governor and company of the Bank of England. And it also appears, according to accounts laid before this House in the present session of Parliament, that the aggregate amount of such deposits, together with the Exchequer bills and Bank notes deposited in the chests of the four tellers of the Exchequer, was, on an average, in the year 1814,

11,966,371*l.* Including Bank notes deposited at the Exchequer, amounting to 642,261*l.*

11,324,107*l.* Excluding Bank notes deposited at the Exchequer.

6.—That it appears, according to the accounts before this House, that the average of the aggregate amount of balances of public money in the hands of the Bank of England, from February 1807 to February 1815, was 5,010,019; and that the average of bills and bank notes deposited in the chests of the four tellers of the Exchequer, from August 1807 to April 1815, was 5,968,793*l.*; making together 10,978,812*l.* being 850,906*l.* less than the average of the said accounts for one year ending 5th January, 1807, as stated in the report of the committee on public expenditure.

7.—That by the 39 and 40 Geo. III. cap. 28, extending the charter of the Bank for 21 years, the Bank advanced to the public 3,000,000*l.* for 6 years without interest, and extended the loan of 11,686,800*l.* for 21 years at an interest of 3*l.* per cent. per annum, as a consideration for the privileges, profits, emoluments, benefits, and advantages, granted to the Bank by such extension of its charter.

That the interest of 3,000,000*l.* for 6 years, at 5*l.* per cent per annum, is - 900,000*l.*

That the difference between 3*l.* per cent and 5*l.* per cent on 11,686,800*l.* is 233,736*l.*; which in 21 years amounts to - - - - - 4,908,456*l.*

That the above loan of 3,000,000*l.* was continued to the public from 1806, when it became payable, until 1814, at an interest of 3*l.* per cent. making an

advantage in favour of the public of
 2l. per cent, or 60,000l. per annum;
 which in 8 years and 8 months amounts
 to - - - - - 520,000l.

That in 1808 the Bank advanced to the
 public 3,000,000l. without interest,
 which by an act of the present session
 is to remain without interest until the
 5th of April, 1816; the interest on this
 advance, at 5l. per cent, will for eight
 years amount to - - - - - 1,200,000l.

8.—That by the 39 and 40 Geo. III. cap. xxviii. sec.
 13, it is enacted, That during the continuance of the
 charter, the Bank shall enjoy all privileges, profits,
 emoluments, benefits, and advantages whatsoever,
 which they now possess and enjoy by virtue of any
 employment by or on behalf of the public.

That previously to such renewal of their charter,
 the Bank was employed as the public banker, in keep-
 ing the cash of all the principal departments in the
 receipt of the public revenue, and in issuing and con-
 ducting the public expenditure.

That the average amount of the public
 balances in the hands of the Bank,
 between the 1st February, 1814, and
 the 15th January, 1815, upon ac-
 counts opened at the Bank previously
 to the renewal of the charter on the
 28th March, 1800, was - - - - - 4,337,025l.

Unclaimed dividends, for the average of
 one year, ending 1st January, 1815 - 779,794

5,116,819l.

That the average public balances in the hands of the Bank during the same period, upon accounts opened at the Bank between the 28th March, 1800, and the 27th February, 1808, was - 370,018*l*.

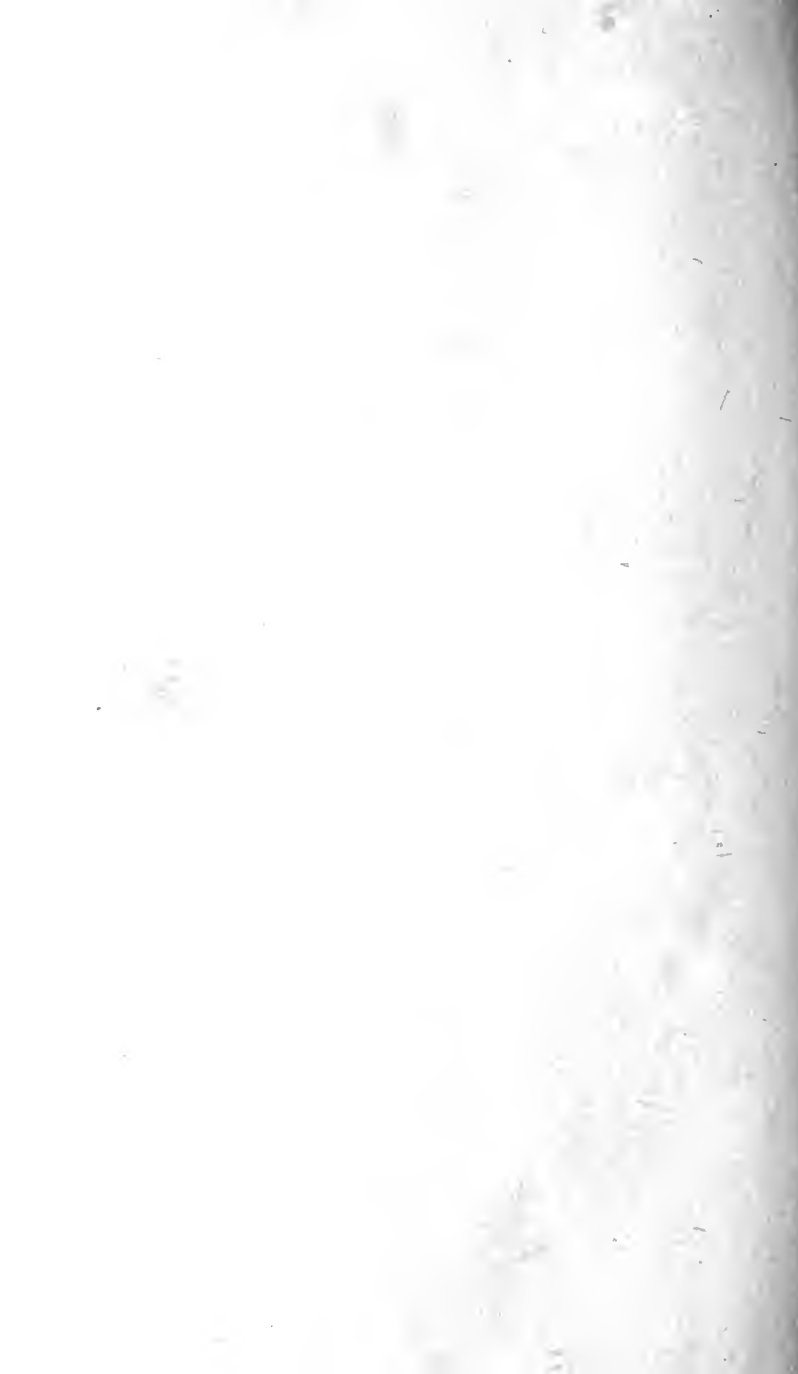
That the average public balances in the hands of the Bank, during the same period, upon accounts opened at the Bank subsequent to the 27th February, 1808, was - - - - - 261,162*l*.

9.—That whenever the engagements now subsisting between the public and the Bank shall expire, it may be proper to consider the advantages derived by the Bank from its transactions with the public, with a view to the adoption of such arrangements as may be consistent with those principles of equity and good faith, which ought to prevail in all transactions between the public and the Bank of England.

26th June, 1805.

END OF APPENDIX.





HG
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Grenfell, Pascoe
The speech in the House
of Commons on Tuesday the
13th of February, 1816

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